THE INC. 500: AMERICA'S FASTEST-GROWING PRIVATE COMPANIES

# Inc. 500

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## America's fastest-growing private companies

*It's deja vu all over again.*
—ANONYMOUS

"BUSINESS FAILURES, LAYOFFS, BATtered P&Ls, and loan defaults . . ."—thus began our introduction to the very first *Inc.* 500 list, nine years ago. It went on: "While the headlines continue to blurt bad news, American business winds up 1982 sputtering about Reaganomics and straining to justify optimism about the year ahead."

If the sputtering these days is no longer about Reaganomics and is concerned instead with shrunken business and consumer buying power, the unavailability of credit or capital, national budget deficits, global uncompetitiveness, and (did it slip past the first time?) the unavailability of credit or capital, there's still plenty of sputtering nonetheless. And optimism? Now as then, there's more of it in the headlines than on the streets. It's little wonder we feel, as the *Inc.* 500 list celebrates its 10th anniversary, that we've been here before.

Still, comparisons between our first ranking and this one reveal differences worth mentioning. In 1982 the typical *Inc.* 500 company posted a five-year growth rate of 571%, a walk in the park compared with the Class of 1991's hard-sprinting 1,467%. The typical '82 listee wouldn't even have placed 500th this year.

Another key contrast? *Productivity.* The Class of '82 averaged $60,446 in annual revenues per employee. This year's typical employee at an *Inc.* 500 company generates more than twice that—$133,986 a year.

Beyond those facts, and others charted on these opening pages, our 1991 *Inc.* 500 special report contains—

• **Who's Number One.** This year's top-ranked juggernaut is Gateway 2000, the South Dakota mail-order computer maker with the cowhide-inspired boxes. If you haven't yet encountered the company's rustic packaging, you likely soon will; Gateway topped the list with $275 million in 1990 sales (up from $1 million in 1986) but expects to hit *$600 million* in 1991. How? Find out on page 36.

• **Lessons from the List.** Forget the Big Picture. (Too often the *Inc.* 500 has been likened to a macroeconomic crystal ball.) What the list reveals best are practical tactics and market intelligence that company builders can exploit *right now.* In three features—"Hot Markets," page 102; "Growth Strategies," page 110; and "The Founders," page 116—we examine the list from three different perspectives. We draw some conclusions; you'll want to draw others for yourself.

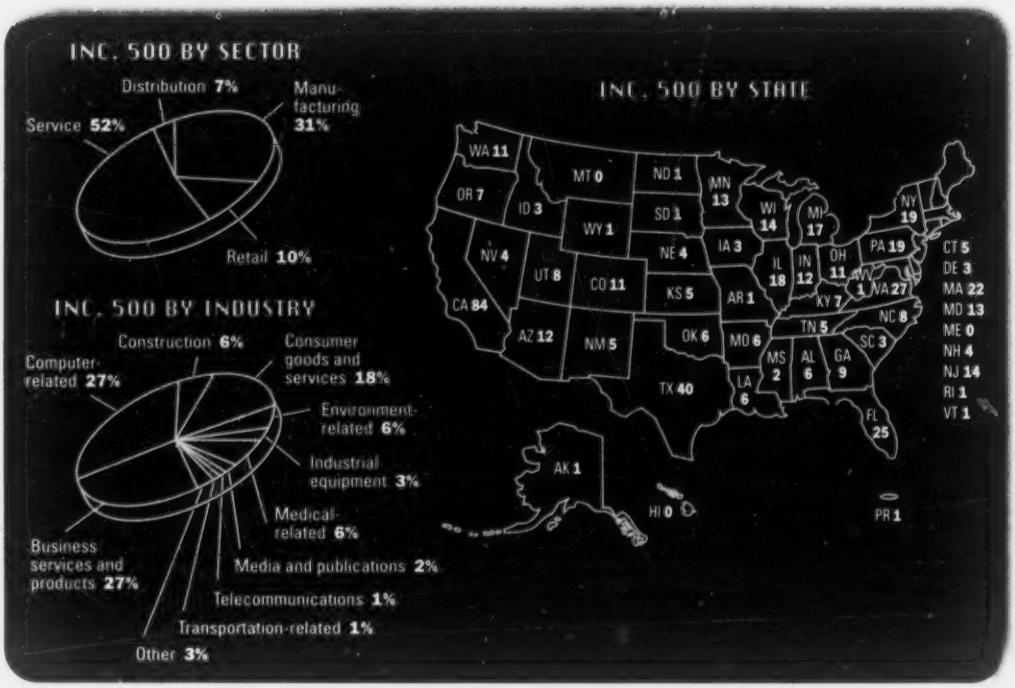
• **The *Inc.* 500 Survey.** The CEOs of this year's ranked companies were queried on a variety of matters; on each page of the 500 list you'll discover the findings. Included among them: an assessment of entrepreneurial obsession; a surprising note of antifamily-business bias; and a vote of confidence in American employees. (The problem is managers, say the CEOs, not the people who work for them.)

The list itself begins on page 57, and on page 53 there's an alphabetical index of the companies that qualified.

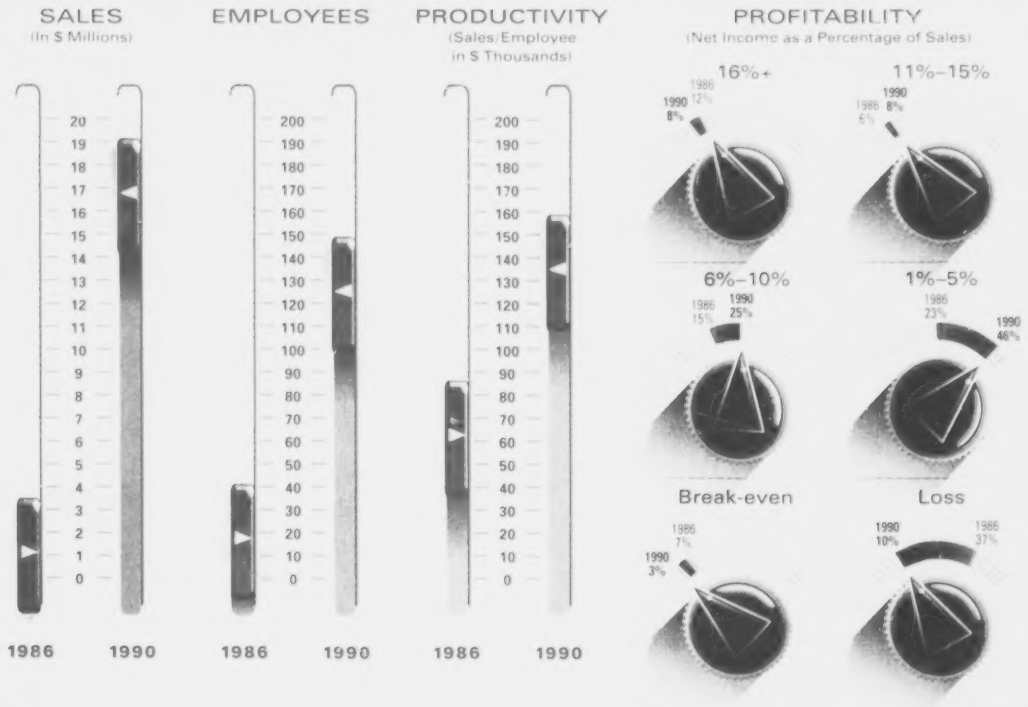
This year, as in each of the nine before, we again have unearthed no shortcuts to reaching the 500. You'll spot plenty of managerial tips, true—but there are no surefire business plans or can't-miss entrepreneurial résumés. If that's the bad news, however, then the corresponding good news is that there are *so many* routes to a place on the list. In that most democratic (small *d*) of traditions, you can get there from anywhere. Anyone, doing almost anything, can make the 500. Even in times when the word *recession* seems more and more anxiously linked with the phrase *double dip.*

Of course, there's nothing new to seeing some companies achieve hypergrowth during a period of general economic malaise. Just do what Jake Morse, founder of then-18th-ranked Marliss Industries, in Jonesboro, Ark., claimed to be doing about the recession of 1982: "We've chosen not to participate."

Too glib by half? Maybe. But this year again, on the '91 *Inc.* 500, he has a lot of company. ❑




## HISTORY OF GROWTH: THE AVERAGE INC. 500 COMPANY




CHARTS: ROSS CULBERT LAVERY & RUSSMAN INC., NEW YORK

# BETTING THE FARM

**Mail-order computer maker Gateway 2000 doesn't offer state-of-the-art technology or provide extraordinary support or run expensive ads—and it *does* have hundreds of furious competitors. So how has it earned the top slot on this year's *Inc.* 500?**

BY JOSHUA HYATT

JUST HOW BRUTAL IS THE COMPETITION IN THE PERsonal-computer business? So brutal that Craig Dwayne's idea of a relaxing holiday weekend is to load his young son and daughter into the family Toyota Forerunner, set out with them and his wife on the 12-hour drive from suburban Chicago to North Sioux City, S. Dak., spend a grand total of 90 minutes there, then reboard and head home.

It's not that Dwayne's company, PC Pros/Touche, couldn't live without its founder and chief executive for longer than that. Rather, it's that Dwayne, whose company sells direct-mail PCs, had set aside the recent holiday weekend for a very personal fact-finding mission. He made the trip only so he might peep through the windows and prowl about the gravel parking lot of a company he considers his nemesis, Gateway 2000. "You have to know what your competition is doing," contends Dwayne, whose company claims annual sales of $35 million. "This is warfare."

If he's planning to battle Gateway, Dwayne had better radio for reinforcements. There is hardly an adjective that would adequately describe Gateway's growth over the past five years. Astounding? Dizzying? Unparalleled? Well, yes, all of those. And also perplexing. From sales of about $1 million in 1986, Gateway has grown to $275 million in 1990—a five-year compounded growth rate of 26,469%—earning it the top spot on this year's *Inc.* 500 (a one-slot promotion from last year). That brings us to the perplexing part: Gateway has grabbed a commanding share of the market for mail-order PCs without offering state-of-the-art technology or even extraordinary support. Gateway's ads are hokey; its name isn't especially catchy. And there are, at last count, some 400 other companies nipping at the same market, from bellwether Dell

*Ted Waitt, Gateway 2000's 28-year-old co-founder and CEO*

PHOTOGRAPHS: STEVE NIEDORF

FRAGILE
GATEWAY 2000

Computer to countless contenders that fall into the category that Ted Waitt, Gateway's cofounder and chief executive, dubs "Billy Bob's Bait & Computer Shop."

How on earth has Gateway prevailed?

Dwayne's makeshift investigation—he has carried on so much about Gateway that even his wife wanted to see it—didn't yield many solid answers. After wandering around the shipping and receiving docks, and peering through the windows into Waitt's empty office, Dwayne took out a bunch of the "GateBuster" T-shirts he had designed and put them everywhere he could: he tied them around door handles, laid them on the seats of trucks, and set up a crude mannequin that stood like "a little GateBusters ghost" outside Waitt's office window. "It was exciting to be there and leave gifts," says Dwayne, who is 31. "But I never got a thank-you note."

He never really got what he came for, either. But then the key to Gateway's success isn't really something he could have spied. To be sure, Waitt often answers—or graciously deflects—hard questions about Gateway's growth by pointing out visible symbols. The company's gravel parking lot, for example, serves as testament to its low-overhead religion. "People try to make things more complicated than they are," argues Waitt, clad in deck shoes and a polo shirt. "There's no magic formula. It all revolves around the way we do things."

That sounds like less of an answer than it actually is. Gateway's growth, and Waitt's genius, can't be reduced to just one overwhelming advantage. America's fastest-growing private company got there by managing, practically without exception, to come out on the right side of several dicey gambles. Waitt has gambled on his gut to figure out what customers want; he has gambled on his own taste regarding how best to advertise it to them; and he is gambling on his brain to make sure the company's growth doesn't smother its clearest impulses.

Fueled by that ever-dangerous propellant called instinct, Gateway's speedy trip to the top has left the company at a treacherous intersection. And there are plenty, like Dwayne, who would like to see it crash. "There is a brick wall out there waiting for everybody who grows this fast," notes Arthur Lazere, the 59-year-old chairman of Northgate Computer Systems, another competitor. "It's invisible before you hit it. I don't know what Gateway's brick wall is, but there is going to be one. There always is. Remember, I'm not a 25-year-old kid."

Maybe it's not worth quibbling about, but neither is Ted Waitt. Just for the record, he's 28.

***Since its farmhouse start-up, Gateway has consistently undercut its competitors on price by at least 10%.***

HERE IS AN IMPORTANT difference between Ted Waitt and the Diet Cokes he constantly guzzles: the sodas spend time chilling.

Waitt, on the other hand, is always wired. He pops in and out of his chair, tearing open another carton of Camel Lights, his ponytail bouncing, his dimpled grin flashing. "Ted is very emotionally involved with this business," says his brother, Norman Waitt Jr., who stepped down as vice-president this past March. To picture Ted Waitt, just imagine Woody Harrelson, who plays the bartender on the TV show "Cheers." Except instead of exuding goofy midwestern naïveté, Waitt seems nourished by . . . well, what *is* he on, anyway?

That question naturally spills from the lips of those who attempt to reorient themselves after a journey into Waitt's frenetic inner sanctum. *What is this man on?* A mad ride, for one thing. At only six years of age the precocious company is charging through an exhilarating adolescence. "Gateway is the best show in town," notes Bruce Stephen, director of PC-hardware research at International Data, "and Waitt knows it."

Just when Waitt realized Gateway's

star potential is another question. These days he makes it sound almost plausible that after dropping out of two different colleges, he returned to the family cattle farm in August 1985, intending to take advantage of the low-cost locale to set up a PC operation that would slaughter all comers. More likely, Waitt and his partner, Mike Hammond, slowly discovered that—holy cow!—they could operate on astoundingly low costs. Since day one, Gateway has undercut its competitors on price, consistently by at least 10%. "We can't operate on the margins they are operating on," grumbles Lazere, whose company is based in Eden Prairie, Minn.

But Waitt didn't just put his faith on price to get Gateway off the ground. After his college stints, he spent roughly nine months working at a retail computer store in Des Moines. While there, he began to develop his notion of the "value equation," a pet theory whose name serves as a soothing mantra for Gateway's 1,100 or so employees. Essentially, Waitt says, it comes down to this: "The PC business is not about price, it's about value, or what you can give the customer for his or her money." From what Waitt could see, purveyors of PCs were selling either cheap bare-bones systems that nobody really wanted or computers stuffed with too much technology to be affordable. The middling strategy, he thought, would be "not to add technology for the sake of adding technology, but to go after it when it offers the best value for consumers." Timing was key.

So was holding the line on prices. Before leaving the computer-store job, Waitt stored a relevant observation in his flawless memory: the back room, where salespeople sat at phones. "I was fascinated to see that if you knew what you were doing, you could sell a $3,000 computer system over the phone," says Waitt. "Everybody seemed to be looking at those sales as just gravy." Waitt envisioned a national business that could be launched handsomely using almost exactly the same sum he had saved up. Namely, zero. After all, such a business required little inventory (assuming customers prepaid) and no showroom. And it could be based anywhere—even in the middle of nowhere. Inaugurating the Gateway tradition of low overhead, Waitt took advantage of his father's shrinking cattle brokerage to occupy some empty office space in a farmhouse. Since Waitt was "never a techno-nerd," as he puts it, he brought along Hammond, a fellow salesman who had actually trained him. "He soaked in everything from day one," recalls Hammond, who now serves as Gateway's vice-president of product development.

So there they were, Waitt the marketer and Hammond the technical whiz, living upstairs while they launched a business downstairs. Sometimes their days were framed by the phone ringing with orders: they woke up with it, and they collapsed on their bedsprings when it finally hushed. There were three-day stints when neither one took a bath, which explains why most of their company consisted of two dogs, Jake and Bunky. With one two-legged exception: Norman Waitt Jr., Ted's older brother by nine years. Norm often arrived at the office before his brother or Hammond had even awakened, simply for the spectacle of watching one of them tear down the stairs, buttoning a shirt or pulling on a pair of pants while diving for the ringing phone. But around six months into the new business, in early 1986, Ted got to feeling that maybe he needed his brother's financial skills; he so hated opening bank statements that he had restricted his financial activity to calling the bank and asking about his balance. Norm agreed, but only if he could be an equity-owning partner. So the brothers split the company; Hammond has never owned any stock.

Though Ted Waitt had his sights on selling PCs, that was not the business he and Hammond started in September 1985. Until the end of 1987, they called themselves the TIPC Network—set up as a division of the company Waitt dreamed about starting, Gateway 2000. As such, they sold add-on equipment by mail to owners of PCs made by Texas Instruments. The niche seemed obvious to Waitt: the store where he and Hammond had worked sold Texas Instruments computers but didn't support them in the aftermarket, since the company did not adhere to the industry standard set by IBM. With his phone operation, run from an Iowa farm, Waitt could undercut competitors' prices significantly. Within a few months, the direct-mail venture was bringing in $100,000. That would grow to roughly $1 million a year. And most of the start-up capital came from the $20 membership fee each customer paid.

*At only six years of age, the precocious company is charging through an exhilarating adolescence. 'Gateway is the best show in town,' says one computer-industry insider, 'and Waitt knows it.'*

In 1986 Waitt and Hammond tinkered with assembling some PCs, and they even sold them locally. But in mid-1987, Texas Instruments handed Waitt just the opening he had been hoping for: the company offered its PC users a trade-in program that required them to cough up $3,500 to get an IBM-compatible machine. "We figured we could do the same thing for $1,500," recalls Hammond.

As Hammond scoured computer publications for the best deals on such components as motherboards, monitors, and disk drives, Waitt began to apply his concept of the value equation in deciding what to build. The earliest Gateway model included such amenities as a keyboard with function keys across the top and a separate cursor pad. It had two floppy-disk drives, instead of just one, to accommodate two different sizes of diskettes. The monitor was color, not monochrome; the memory had greater-than-usual capacity. Gateway bundled it all into one fully configured system at one price, $1,995, instead of considering, for example, a hard-disk drive as an extra cost. Competitors offered fewer features at $1,950 or so. "We gave people more for their money," says Waitt.

That, in essence, is the strategy from

which Gateway has never veered. By keeping careful track of costs, and pricing to achieve a fixed margin, Waitt could add newly affordable features and still keep prices down, as other components shuffled along what he calls "the value curve." No matter how technical he makes it sound, though, what Waitt was really doing was gambling on his gut-level ability to divine what his customers wanted. It was he—and he alone—who decided what features mattered. Would customers pay an additional $75 to own a 40-megabyte hard-disk drive? "The first question would always be, Would I buy it?" says Hammond. "Everyone wants smaller, faster, and cheaper. So it's a fairly educated guess." Then Gateway would test the component to see if it performed as the manufacturer promised. From there, says Waitt, "we didn't do a whole lot of market research on it. A lot of it was instinctive."

***Waitt's ultra-low-cost South Dakota location is at the core of his mission to minimize overhead.***

How good are Waitt's instincts? The company grew from $1 million in 1986, to $1.5 million in 1987—with the boost of the trade-in offer—but sales exploded to $12 million in 1988. Waitt made it clear, though, that he was not about to sacrifice any profitability for the sake of adding overhead. The Waitt brothers did move the business into more spacious quarters, paying $350 monthly rent for 5,000 square feet in Sioux City's 100-year-old Livestock Exchange Building, where they had to sidestep cow manure in the halls. They found they could start employees at $5.50 an hour—in 1988 Gateway began supplementing that figure with a monthly cash bonus based on profits—and turnover was nonexistent. Gateway needed no research-and-development function and no design team, and there was plenty of used furniture around. South Dakota, where Gateway moved in January 1990, collects no income taxes. In a business where margins can expire of emaciation—Gateway's publicly owned competitors report net aftertax profits of no more than 5%—Gateway needed every advantage it could scrounge.

But its greatest advantage, perhaps, was Ted Waitt himself. As his brother notes, "he has an uncanny ability to figure what people will want and how to package it." His biggest mistake so far, selling a disk drive that was ahead of its time, was "expensive, but not catastrophic," he says. It's a balancing act: keeping track of the emerging technology and still lowering prices about a half dozen times a year. "I look at all the information, and I assimilate it in my head," Waitt explains. "Usually, the right answer just pops right up."

Or, as Hammond succinctly explains, "it's kind of a crapshoot."

WITH ALL HIS TALK ABOUT THE VALUE equation, Ted Waitt would have you believe that Gateway got where it is today—1991 sales are projected to hit a boggling $600 million—by giving consumers more for their money. Which is true, sort of. Seymour Merrin, whose company publishes a newsletter covering PC-distribution channels, notes, "They've done a great job of convincing people that they have a great product at a great price."

In most quarters, they call that advertising.

Here, Waitt has gambled on his own idiosyncratic tastes, ignoring advertising conventions. In fact, Gateway's ads have sometimes not even shown its own product.

Back in his retailing days, Waitt had helped enough people shop for PCs to know they wanted to feel that a stable company stood behind the machine. Waitt's positioning trick—and it was masterly—would be to establish Gateway as a trustworthy company that also offered rock-bottom prices. Low-end, but not scary.

The customers who were willing to buy PCs through the mail were a select and sophisticated bunch; usually, they determined the quality and support they needed and then shopped for the best price. To find it, they were willing to risk the hernia-popping experience of lifting—and the eye-numbing experience of leafing through—publications like *Computer Shopper*, which could run to 800-plus large-format pages. Waitt couldn't help noticing that the ads were lacking in sophisticated advertising tools—like, for instance, cows.

*Cows?* Waitt's first Gateway ads actually featured a picture of his father's cattle herd, with the Sioux City water tower hovering protectively in the background. "Computers from Iowa?" the headline read. Rather than sell the product, the ad—variations of which ran until October 1989—sold Gateway. Waitt knew whom he was selling against; well, not exactly, since ease of entry meant that competitors were always breezing in and out. But many of the clone makers were of questionable reputation, and their

long-term intentions fell short of noble. Waitt's copy, which has come to sound like something Tom Bodett might read on those radio ads for Motel Six, established Gateway as a bunch of plain folk who planned on being around awhile. There was some not-so-subtle psychology at work here: was an American product, not one of those no-name Taiwanese or Korean clones, and wouldn't you rather buy from the honest heartland than from either of America's cynical coasts?

Once Waitt felt comfortable that people knew the company's name, he traded the cows in the ads for people—specifically, the Waitt brothers themselves. In early 1990 Waitt hired Barb Gross as advertising manager. Gross, local photographer George Lindblade, and designer Kevin Kjeldseth form the inner circle that brainstorms with Waitt to come up with new ads every two or three months, a pace Waitt considers crucial because "this is a fast-paced, rapidly changing business."

Often, the meetings consist of Waitt throwing out ideas and the others refining them, even as they try to keep Waitt from trying to draw. "His biggest frustration is that he can't draw well," confides Gross. He does come up with clear concepts—often, inexplicably. Once, so jet-lagged he was practically hallucinating, Waitt blurted out a fully formed idea for the "PC Saloon" ad. Eventually shot in Tucson, the July 1990 ad featured an 1890s double-door saloon, where a group of men are playing poker. Waitt, decked out in pinstripes, smirks right into the camera and shows his hand: a royal flush. The others at the table, including a frustrated young man and an older, stodgy businessman, are meant to represent various Gateway competitors. "It was a bit of an in-joke," says Gross. One ad, which featured buffalo, happened to coincide with the release of *Dances with Wolves*, the Kevin Costner movie. Hey, someone suggested at the next brainstorming session, let's find out what Kevin Costner is doing next. When they did, recalls Gross, "I said, 'You absolutely cannot do Robin Hood. He was a thief, for goodness' sake.'"

But she was outnumbered, and Gateway staged its own ad using a Robin Hood theme, with you-know-who casting himself as the champion of the poor. When the ad came out, this past August, it set records for the number of inquiries from new customers, chalking up as many as 2,000 a day. "I was wrong," says Gross. "Ted's gut feelings were right."

Not that Waitt's satisfaction with ads comes from having his hunches reconfirmed. As a man who never wearies of battling overhead, he insists that every ad pay for itself. Anybody who calls the 800 number first is asked, "Where did you hear of Gateway?" Waitt uses the answers as a guide to where he should spend the 2.5% of sales he's committed to marketing. He sticks pretty rigidly to computer magazines and never consults an ad agency. Often, employees serve as models in the ads. As usual, he finds his own ways to cut costs. For one ad, which featured the nifty gimmick of having a photo wink from black-and-white into color, Waitt was outraged when the lowest quote he got amounted to $3 a pop. So he had the ad printed locally and paid church groups, employees on their free time, and temporary workers to assemble it. The ad came in "far under" that original price.

As long as Gateway's telephone operators stay busy, Waitt sticks with his idiosyncratic traditions. He refuses, for instance, to employ reader-response cards, contending that they attract too many people who are just collecting information. He intentionally skimps on technical information because he wants consumers to call in with their questions. There have been ads in which the computers were squint-distanced in the background, in which prices were barely visible, in which there were so many elements, the eye couldn't possibly behold them all. Waitt admits the ads "have alienated people at some times."

But not enough to worry about. By early 1990 sales had risen to $710 million. "We get horrible marks from the marketing-guru types," Waitt says. "But it seems to work."

TED WAITT'S GAMBLES ON HIS UNPREdictable gut and his unorthodox tastes have paid off on a scale that he could hardly have predicted. "I was just hoping this thing would eventually evolve into some kind of business that would provide a good income," says Norm Waitt Jr., who has no operational role but still owns 45% of Gateway.

Remarkably, though, all the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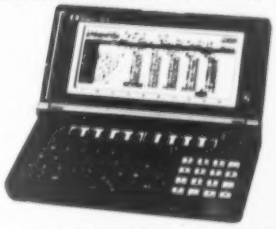

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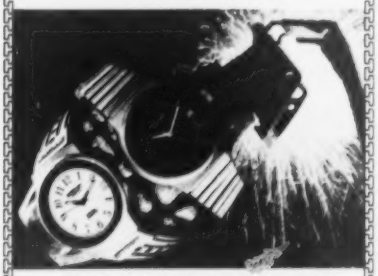

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PLAN INTERNATIONAL USA

M366


growth-inducing risks Ted Waitt has taken have only forced on him his biggest bet yet: he is gambling that he can think through the implications of Gateway's enormousness fast enough to keep the company flexible. "The biggest challenge for us right now," Waitt says, "is figuring out how to add the necessary bureaucracy without becoming slow moving." The more fundamental question, though, is whether Gateway can adapt its core strategy to grow into a sturdier niche.

*Gateway's success has made it a popular target. 'We're coming after them,' vows Michael Dell, founder of $800-million-a-year Dell Computer. 'And we're not exactly Little Bo-Peep.'*

Gateway's ads do their darnedest to convince consumers that they *ought* to buy based on value—a combination of price and factors such as service and component quality and reliability—but analysts suggest that price carries a disproportionate load of the so-called value equation. "In mail order, the three most important factors are price, price, and price," says David Evancha, director of research at WorkGroup Technologies, a market-research firm specializing in information technology. Gateway has earned industry merit badges in most areas, but price has been its strongest suit. How long before an upstart undercuts the company? It's not hard to imagine, for example, a vertically integrated PC maker from, say, Taiwan, strangling Gateway by living on less. "The pressure on Gateway's margins is never going to abate," says Evancha.

As consumers become even more comfortable with PCs, they may become more willing to dip into no-name cheapies. But snipers aren't just taking shots from the lower end. "The pricing delta is narrowing. We're coming after them," vows Michael Dell, chairman of Dell Computer, which is expected to post nearly $800 million in sales this year. "And we're not exactly Little Bo Peep."

The pioneer in selling cheap computers by phone, Dell says he came to the realization as far back as 1985 that counting on price "becomes a zero-sum game after a while. Those customers are likely to be less loyal. It's hard to sustain a company on that." Dell has since added a sales force to call on the *Fortune* 500 entities and government agencies that provide roughly half of his business; he even sells computers through retail superstores.

Gateway isn't concealing its own desire to penetrate the profitable corporate market. This past fall, its ad depicted starchy executives, brows all a-furrow, huddled around their prized Gateway. Clearly the accompanying slogan, "Because we've stood the test of time," was designed to appeal to the conservative instincts of a corporate type. As of September, four ads Waitt had designed expressly for *BusinessWeek* remained "in limbo," according to Gross. Around that same time, Gateway began releasing some quarterly financial results in press-release form. "People don't realize that Gateway is a real company," says Rick Snyder, executive vice-president. "We don't want people to think we are just a revenue generator."

But changing what people think—and the mix of consumers who buy—is likely to take more than aggressive marketing. "To play in the big-company market," says Evancha, "you have to offer more." For Dell, that meant investing more than $22 million in R&D last year, when sales hit about $550 million. According to Dell, it has also required beefing up support and training. "These companies want the kind of support that is hard to give if you are just assembling product," says Dell. "The trip from what Gateway is to the Dell model is a treacherous road."

Waitt doesn't seem interested in

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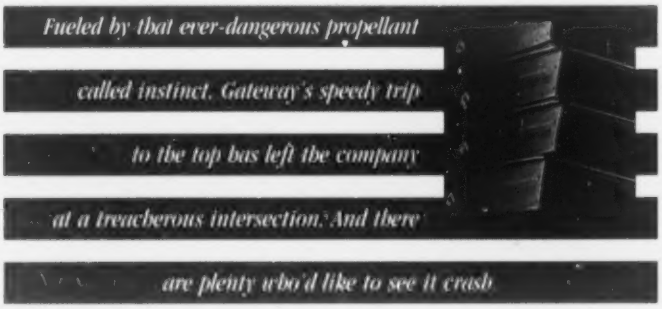
GEOMETRIC RESULTS

hitching a ride, though. "Our intention is to go after the corporate market without raising our cost of doing business, so we don't have to raise our prices to all our customers," he says. Waitt has no plans to begin developing technology, though he has actively hunted acquisitions. And he suggests that Gateway may begin adding products—such as software and peripherals—to its systems. He claims that Europe offers "tremendous potential for us," though Dell, Compaq Computer, AST Research, and others have established significant beachheads there.


Fueled by that ever-dangerous propellant
called instinct, Gateway's speedy trip
to the top has left the company
at a treacherous intersection. And there
are plenty who'd like to see it crash

Waitt—who has recently recruited a half dozen vice-presidents from giants like Digital Equipment, Rockwell International, Texas Instruments, and Coopers & Lybrand—intends to leverage the advantages of size to save money in areas such as purchasing, while at the same time invest cash in projects that should increase efficiency. For instance, he says, "Gateway is spending money to train people and set up proper troubleshooting procedures." Also, last summer Gateway moved its production workers into a 44,000-square-foot facility down the road and reorganized them under a cellular manufacturing plan. Craig Culloton, director of manufacturing, says he expects productivity to increase by at least 30%. And Jerry Mayer, vice-president of operations, notes that the company is moving toward "what is basically a pay-for-knowledge" compensation system.

Once again, Gateway is so far achieving a touchy balance. Back in 1990, for instance, a transitional Dell absorbed a 65% drop in profits. "Every company stumbles at some point," observes Tom Quinlan, hardware editor of *InfoWorld* magazine. "You reach a plateau where you have to make the right choices. And even if you do, it's difficult to move to the next level."

And Gateway can't shimmy like it used to. A 20-member group now scouts out technology; another bunch, the Road Map Group, evaluates options; Waitt meets with his 10 lieutenants every two weeks, in a configuration called the Action Committee. The company has hired a media buyer to help quantify its advertising decisions. And Rob Cheng, director of marketing, now has four people working the phones full-time to ask customers pertinent questions such as "How does this price sit with you?" and "What kind of technology interests you?" "One person can't do it anymore," says Waitt. "We were unknown before, and that was an advantage. Nobody knew who we were, so we snuck up on the competition."

These days the competition is—quite literally—sneaking up on Gateway. But Craig Dwayne, for one, swears he's through slogging out to South Dakota. His latest ruse to gain information involves asking consumers to send him proof they've returned a Gateway computer. They get a free GateBusters T-shirt and become eligible to win a trip to Hawaii. "I learn the serial number and get some idea of what went wrong," says Dwayne. "We'll learn some interesting facts. I'm very serious about Gateway."

And Ted Waitt, in his own way, is serious about Dwayne's company. "We spend as much time looking at companies that are smaller than we are as we do at those that are bigger," he says. "He came here, and that bothers me. It's almost demented, and it did rattle some of our people. But we can't focus on that. Our biggest competitor is ourselves. And that keeps us busy." ❑

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# THE LIST

INC. 500 SURVEY

## THERE'S NO PLACE LIKE HOME

*Do you have any international sales?*

STEPHEN TYGH

| Company (1990 rank)<br>Business description | Sales growth 1986-90<br>% increase | '90 sales<br>($000) | '86 sales<br>($000) | Profit range*<br>'90 | <br>'86 | No. of employees<br>'90 | <br>'86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **1. Gateway 2000** (2) N. Sioux City, SD<br>Mfrs. & sells PCs | 26,469 | $275,525 | $1,037 | C | C | 600 | 4 | 1985 |
| **2. American Megatrends** Norcross, GA<br>Designs & mfrs. computer motherboards | 23,850 | 44,786 | 187 | A | F | 95 | 8 | 1985 |
| **3. United Staffing** Troy, NY<br>Provides employee-leasing svcs. | 19,102 | 31,300 | 163 | D | F | 40 | 3 | 1986 |
| **4. Technology Works** (34) Austin, TX<br>Designs & mfrs. computer memory add-on prods. | 17,154 | 20,187 | 117 | D | F | 75 | 2 | 1985 |
| **5. Rockwell Construction** Coral Springs, FL<br>Provides general-contracting svcs. | 15,490 | 16,214 | 104 | D | C | 12 | 2 | 1986 |
| **6. Damark International** Minneapolis, MN<br>Operates catalog co. | 14,474 | 193,986 | 1,331 | E | E | 500 | 8 | 1986 |
| **7. Century Offshore Management** Lexington, KY<br>Explores & develops oil & gas resources | 14,311 | 27,814 | 193 | A | F | 26 | 6 | 1986 |
| **8. Focus Apparel Group** Dallas, TX<br>Mfrs. women's apparel | 12,265 | 15,333 | 124 | D | F | 104 | 12 | 1986 |
| **9. Diamond Flower** W. Sacramento, CA<br>Mfrs. & distr. PCs | 11,360 | 23,263 | 203 | D | C | 56 | 10 | 1985 |
| **10. Corporate Express** (4) Boulder, CO<br>Distr. office prods. | 10,011 | 35,489 | 351 | F | C | 260 | 23 | 1985 |
| **11. Parexel International** Waltham, MA<br>Provides pharmaceutical-research svcs. | 9,732 | 14,748 | 150 | D | F | 500 | 10 | 1983 |
| **12. Leasing Solutions** San Jose, CA<br>Leases computer equip. | 9,042 | 9,233 | 101 | F | F | 42 | 12 | 1986 |
| **13. Ehman** (39) Evanston, WY<br>Mfrs. & distr. hard drives & monitors | 8,722 | 30,084 | 341 | F | F | 134 | 20 | 1985 |
| **14. WIN Laboratories** Manassas, VA<br>Mfrs. microcomputers | 8,630 | 30,555 | 350 | D | F | 49 | 4 | 1980 |
| **15. Educare Community Living** Austin, TX<br>Provides long-term health-care svcs. | 8,529 | 10,873 | 126 | D | F | 590 | 2 | 1986 |
| **16. Litle & Co.** Salem, NH<br>Provides credit-card-processing svcs. | 8,258 | 31,175 | 373 | C | F | 103 | 3 | 1986 |
| **17. M&R Printing Equipment** Glen Ellyn, IL<br>Mfrs. screen-printing equip. | 7,982 | 16,325 | 202 | B | B | 128 | 2 | 1985 |
| **18. Shiva** Cambridge, MA<br>Mfrs. & designs internetworking prods. | 7,959 | 16,199 | 201 | C | A | 110 | 3 | 1985 |
| **19. Delta Environmental Consultants** St. Paul, MN<br>Provides environ.-consulting svcs. | 7,449 | 32,234 | 427 | D | A | 495 | 12 | 1986 |
| **20. Oil Changers** Pleasanton, CA<br>Changes automotive oil & filters | 7,367 | 13,217 | 177 | D | F | 272 | 23 | 1985 |
| **21. Beta Plastics** (19) Carlstadt, NJ<br>Mfrs. & distr. polyethylene bags | 7,299 | 15,685 | 212 | D | C | 80 | 28 | 1985 |
| **22. Thomas-Conrad** Austin, TX<br>Mfrs. LAN prods. | 6,869 | 24,598 | 353 | D | B | 169 | 3 | 1985 |
| **23. Starpak International** (49) Denver, CO<br>Svcs. & fulfills software | 6,495 | 8,310 | 126 | D | D | 155 | 1 | 1978 |
| **24. National Safety Associates** (22) Memphis, TN<br>Mfrs. water- & air-filtration systs. | 6,196 | 255,302 | 4,055 | A | F | 600 | 100 | 1970 |
| **25. Maxum Health** Dallas, TX<br>Provides diagnostic-imaging svcs. | 5,998 | 27,809 | 456 | F | F | 309 | 28 | 1986 |

* A: 16% or more; B: 11% to 15%; C: 6% to 10%; D: 1% to 5%; E: Break even; F: Loss

WHILE MANY CEOS REPORT DOing some business overseas, and more are planning on it, most of the companies that made the list this year continue to play strictly on the home field. Sixty percent posted sales that were exclusively domestic. That leaves 40% that are transacting at least some business overseas. Few, however, report more than token sales abroad. For almost half the companies with global ambitions, international sales account for less than 5% of revenues.

The reasons for going less-than-global? Too much business right here at home, CEOs tell us. Companies also cite financing problems, currency fluctuations, shipping costs, language barriers, and foreign regulations as obstacles to selling overseas. "There's a lot of red tape," says Stephen Tygh, CEO of Tygh Silicon (#231), in Pleasanton, Calif. "It's a lot easier for me to sell COD to an import/export firm here than to bother with the hassle of selling overseas myself."

PHOTOGRAPH: ROBERT HOLMGREN

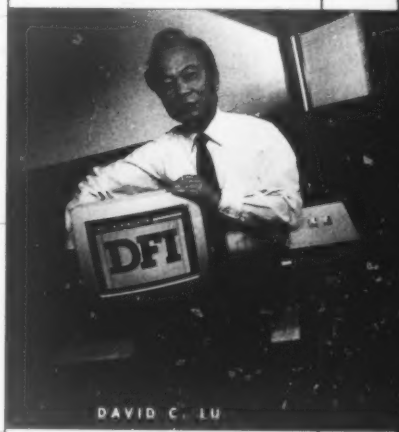
| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **26. Employers Resource** Richmond, VA<br>Provides co-employment svcs. | 5,905% | $23,659 | $394 | D | F | 31 | 7 | 1985 |
| **27. ANAgraph** Costa Mesa, CA<br>Mfrs. electronic systs. | 5,884 | 7,480 | 125 | C | F | 54 | 12 | 1985 |
| **28. Northern Computer Systems** Eden Prairie, MN<br>Mfrs. & distr. computer prods. | 5,711 | 9,123 | 157 | D | D | 30 | 2 | 1986 |
| **29. Softworks Development** (11) Mequon, WI<br>Distr. computer equip. & integrated systs. | 5,677 | 15,483 | 268 | D | F | 35 | 4 | 1984 |
| **30. Symmetrix** Burlington, MA<br>Provides consulting svcs. to finan.-svcs. & mfg. cos. | 5,597 | 10,426 | 183 | D | F | 94 | 10 | 1986 |
| **31. Iconics** Foxborough, MA<br>Develops & mfrs. software | 5,532 | 6,026 | 107 | A | F | 42 | 7 | 1986 |
| **32. ICM** Norcross, GA<br>Resells value-added computer prods. | 5,242 | 16,453 | 308 | B | F | 16 | 3 | 1985 |
| **33. Apple South** Madison, GA<br>Owns & operates Applebee's restaurants | 5,238 | 58,129 | 1,089 | D | E | 3,200 | 146 | 1978 |
| **34. Hanover Energy** Dallas, TX<br>Gathers, compresses, & transmits natural gas | 5,206 | 19,899 | 375 | A | F | 64 | 6 | 1984 |
| **35. Personnel Management** Shelbyville, IN<br>Provides temporary-help svcs. | 5,198 | 7,311 | 138 | D | D | 38 | 3 | 1986 |
| **36. INSURx** Cleveland, OH<br>Manages pharmaceutical benefits plans | 5,031 | 5,593 | 109 | F | F | 115 | 7 | 1986 |
| **37. McBride & Associates** (17) Albuquerque, NM<br>Sells computer hardware & software | 4,967 | 16,923 | 334 | D | F | 35 | 2 | 1985 |
| **38. Indeck Energy Services** Buffalo Grove, IL<br>Develops & operates cogeneration power plants | 4,871 | 38,028 | 765 | F | F | 130 | 5 | 1985 |
| **39. Earth Care Paper** Madison, WI<br>Sells recycled-paper prods. | 4,592 | 4,973 | 106 | D | B | 75 | 3 | 1983 |
| **40. System Connection** Orem, UT<br>Mfrs. & distr. computer cables | 4,460 | 5,153 | 113 | C | C | 35 | 1 | 1985 |
| **41. Terra First** Vernon, AL<br>Provides hazardous-waste svcs. | 4,438 | 13,115 | 289 | D | F | 58 | 6 | 1985 |
| **42. ProServe** Denver, CO<br>Manages institutional food programs | 4,328 | 7,209 | 163 | D | A | 450 | 4 | 1984 |
| **43. Abacus** (33) San Francisco, CA<br>Provides computer training & consulting svcs. | 4,279 | 13,749 | 314 | D | C | 84 | 23 | 1979 |
| **44. Corporate Environments of Georgia** Atlanta, GA<br>Operates office-furniture dealership | 4,258 | 5,447 | 125 | D | F | 20 | 5 | 1986 |
| **45. CMS Communications** Bridgeton, MO<br>Provides telecommunications equip. | 4,203 | 15,062 | 350 | F | A | 94 | 1 | 1985 |
| **46. Walt Klein & Associates** Winston-Salem, NC<br>Provides political consulting & PR svcs. | 4,152 | 10,885 | 256 | D | F | 28 | 5 | 1980 |
| **47. Intuit** (15) Menlo Park, CA<br>Automates finan. work for small businesses | 4,106 | 33,059 | 786 | B | A | 172 | 6 | 1983 |
| **48. Prescott** Nashua, NH<br>Provides construction & engineering svcs. | 4,064 | 4,331 | 104 | C | B | 15 | 3 | 1984 |
| **49. SIR Group** (181) Dallas, TX<br>Sells & svcs. insurance | 4,037 | 38,313 | 926 | D | D | 120 | 16 | 1983 |
| **50. Forest Technology** Akron, OH<br>Mfrs. & distr. wood fire starters | 4,013 | 5,435 | 137 | C | F | 32 | 1 | 1985 |
| **51. Lepi Enterprises** Dresden, OH<br>Removes & disposes of asbestos | 3,951 | 4,335 | 107 | C | F | 36 | 18 | 1986 |
| **52. Critical Care Associates** Montclair, NJ<br>Provides nursing referral svcs. | 3,924 | 6,720 | 167 | D | F | 10 | 2 | 1985 |
| **53. Clamshell Buildings** Santa Barbara, CA<br>Mfrs. & mkts. relocatable bldgs. | 3,891 | 13,010 | 326 | B | F | 15 | 4 | 1983 |
| **54. CATS Software** Palo Alto, CA<br>Provides software-applications svcs. | 3,851 | 7,032 | 178 | F | A | 40 | 3 | 1986 |
| **55. AMBAR** (75) Lafayette, LA<br>Provides drilling svcs. to oil industry | 3,849 | 26,929 | 682 | B | D | 110 | 4 | 1980 |
| **56. Real Goods Trading** Ukiah, CA<br>Sells energy independence prods. | 3,787 | 4,626 | 119 | D | D | 50 | 1 | 1986 |
| **57. MTX** Winslow, IL<br>Mfrs. audio equip. | 3,770 | 27,939 | 722 | C | D | 300 | 100 | 1981 |
| **58. Suntel Services** Troy, MI<br>Provides voice & data communications svcs. | 3,533 | 4,360 | 120 | D | B | 32 | 3 | 1986 |
| **59. Reunions** Hoffman Estates, IL<br>Organizes high school reunions | 3,488 | 3,588 | 100 | F | F | 65 | 3 | 1985 |
| **60. Tronsoft** Santa Barbara, CA<br>Develops & sells business software | 3,410 | 7,616 | 217 | D | D | 34 | 3 | 1985 |

* A: 16% or more. B: 11% to 15%. C: 6% to 10%. D: 1% to 5%. E: Break even. F: Loss

INC. 500 SURVEY

# PRIVATE LESSONS

*Do you have any plans to go public?*




DAVID C. LU

WHEN WE SURVEYED INC. 500 companies in 1986, nearly half regarded a public offering as a viable option for cashing out. But our survey of the latest crop of *Inc.* 500 applicants revealed that only 23% harbor any plans at all for going public.

"We saw a lot of companies that went public in the '80s get into trouble with Wall Street and try to go private again," notes David C. Lu, CEO of Diamond Flower Electric Instrument (#9), in West Sacramento, Calif. "We're not desperate for cash, and I'm too young to retire, so why go public?"

Those who are bearish on going public cite a reluctance to surrender control, a discomfort with the personal and financial disclosures required, and an unwillingness to spend their time wooing investors and analysts.

Those who find the public markets more attractive point to the dearth of capital available elsewhere, the liquidity offered by the public markets, and the fact that a public offering might free them to (what else?) start more companies.

PHOTOGRAPH: ANDY FREEBERG

INC. 500 SURVEY

## LOGGED ON

*Do you use a PC every day for business? A laptop? A car phone?*

JACK KENT SR.

THE CEOS RUNNING THIS YEAR'S *Inc.* 500 are one plugged-in bunch. Seventy-three percent of those surveyed confess they use a PC every day for business. Although only a third would admit to taking laptops or notebooks on trips, most wouldn't dream of leaving home without a phone. Seventy-four percent say they have car phones. Fifty-eight percent own mobile phones, though they are loath to use them in public. (Only 26% do.)

For all the tele-mastery these entrepreneurs display, none compares with Jack Kent Sr., CEO of Marine Shale Processors (#476), in St. Rose, La., undisputed winner of this year's Great Communicator Award. In addition to the multiline phone in his office and the phone in his car, Kent keeps a phone in his Lear jet, another in his helicopter, and yet another in his pocket. There's a phone, a fax, and a PC on his boat—it's called *The Office*.

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **61. Hillman Environmental** Union, NJ<br>Provides environ.-consulting svcs. | 3,381% | $4,700 | $135 | D | E | 65 | 5 | 1985 |
| **62. Lab Support** Canoga Park, CA<br>Provides professional temporary svcs. | 3,364 | 21,509 | 621 | C | F | 75 | 10 | 1985 |
| **63. Standard Technology** Rockville, MD<br>Mfrs. & does consulting for plastic parts | 3,346 | 14,647 | 425 | D | D | 145 | 8 | 1985 |
| **64. Incredible Technologies** Arlington Heights, IL<br>Designs computer software for entertainment | 3,338 | 5,054 | 147 | C | D | 45 | 3 | 1985 |
| **65. Walton Construction** Lenexa, KS<br>Provides full-service contracting svcs. | 3,316 | 60,915 | 1,783 | D | C | 204 | 27 | 1985 |
| **66. McNerney Heintz** Barrington, IL<br>Provides health-care-mgmt. svcs. | 3,311 | 6,446 | 189 | C | F | 124 | 8 | 1985 |
| **67. Mortgage Services** Redmond, WA<br>Provides mortgage-banking svcs. | 3,274 | 3,745 | 111 | D | F | 50 | 7 | 1985 |
| **68. National Data Products** (81) Clearwater, FL<br>Sells value-added computer prods. | 3,239 | 50,192 | 1,503 | D | F | 92 | 7 | 1982 |
| **69. Pleasant Co.** Middleton, WI<br>Mkts. children's merchandise | 3,156 | 44,278 | 1,360 | C | F | 158 | 21 | 1986 |
| **70. Trigen Energy** (289) White Plains, NY<br>Constructs & acquires energy-prod. facilities | 3,152 | 31,118 | 957 | E | F | 176 | 25 | 1986 |
| **71. Reference Software International** (46) San Francisco, CA<br>Develops & publishes writing-improvement software | 3,135 | 9,737 | 301 | C | F | 70 | 3 | 1985 |
| **72. Maier Group** New York, NY<br>Sells & mkts. special-interest videotapes | 3,120 | 3,381 | 105 | D | E | 15 | 5 | 1986 |
| **73. Evergreen Environmental Group** Crestwood, KY<br>Provides environ.-engineering svcs. | 3,120 | 3,413 | 106 | A | A | 26 | 1 | 1986 |
| **74. Z. Cavaricci** Los Angeles, CA<br>Distr. clothing | 3,099 | 142,242 | 4,446 | A | A | 250 | 40 | 1982 |
| **75. Airmax** Bensenville, IL<br>Provides airline-transportation-mgmt. svcs. | 3,096 | 11,059 | 346 | D | D | 46 | 13 | 1986 |
| **76. Executive Software** (86) Glendale, CA<br>Develops & mkts. systs. software | 3,032 | 13,939 | 445 | B | D | 101 | 8 | 1981 |
| **77. PAI** Oak Ridge, TN<br>Provides environ.-consulting svcs. | 3,030 | 5,134 | 164 | C | C | 60 | 3 | 1983 |
| **78. Entre Computer Center of West Allis** West Allis, WI<br>Sells & svcs. PCs | 2,998 | 16,200 | 523 | D | D | 60 | 10 | 1986 |
| **79. Remote Control** Carlsbad, CA<br>Publishes & develops mgmt. software | 2,937 | 3,158 | 104 | D | F | 40 | 2 | 1985 |
| **80. Peripheral Land** (104) Fremont, CA<br>Integrates mass-storage prods. for microcomputers | 2,924 | 18,658 | 617 | D | E | 85 | 3 | 1985 |
| **81. Matrix International Logistics** Alexandria, VA<br>Provides int'l. shipping svcs. | 2,922 | 16,862 | 558 | D | F | 65 | 8 | 1986 |
| **82. DAZSER** Tampa, FL<br>Subfranchises commercial-cleaning svcs. | 2,820 | 4,351 | 149 | C | A | 15 | 3 | 1986 |
| **83. Logic Automation** Beaverton, OR<br>Supplies software to electronics industry | 2,810 | 12,310 | 423 | B | F | 111 | 24 | 1984 |
| **84. Deneba Systems** Miami, FL<br>Publishes & develops Macintosh software | 2,743 | 5,402 | 190 | A | A | 45 | 0 | 1986 |
| **85. Aztech Controls** Mesa, AZ<br>Distr. industrial valves & fittings | 2,737 | 3,518 | 124 | D | F | 20 | 3 | 1986 |
| **86. Fanamation** Compton, CA<br>Develops & mkts. measuring software | 2,734 | 4,818 | 170 | F | F | 48 | 5 | 1985 |
| **87. Impact Printhead Services** Austin, TX<br>Refurbishes dot-matrix printers | 2,720 | 5,047 | 179 | C | C | 95 | 2 | 1984 |
| **88. TankTest** Marlton, NJ<br>Installs & tests underground tanks | 2,713 | 4,922 | 175 | D | A | 35 | 3 | 1985 |
| **89. Electronic Environments** Westwood, MA<br>Provides facility support svcs. | 2,682 | 6,149 | 221 | D | F | 38 | 2 | 1986 |
| **90. Dickens Data Systems** (227) Norcross, GA<br>Mfrs. & integrates computer periph. | 2,662 | 30,129 | 1,091 | C | D | 86 | 17 | 1981 |
| **91. OSP Consultants** (18) Sterling, VA<br>Provides telecommunication svcs. | 2,588 | 28,246 | 1,051 | D | A | 417 | 13 | 1984 |
| **92. National Electronics Warranty** Sterling, VA<br>Administers fully insured extended warranties | 2,574 | 10,938 | 409 | D | F | 65 | 5 | 1983 |
| **93. Blueline Software** Minneapolis, MN<br>Develops & mkts. systs. software | 2,574 | 6,979 | 261 | C | F | 57 | 24 | 1985 |
| **94. Micro Information Services** Mequon, WI<br>Provides computer-networking svcs. | 2,538 | 2,638 | 100 | D | D | 15 | 2 | 1983 |
| **95. Comp USA** (47) Dallas, TX<br>Sells PC hardware, software, & periph. | 2,459 | 300,355 | 11,739 | D | D | 1,000 | 10 | 1984 |

* A: 16% or more; B: 11% to 15%; C: 6% to 10%; D: 1% to 5%; E: Break-even; F: Loss



PHOTOGRAPH: MICHAEL TERRANOVA

INC. 500 SURVEY

## NOT AT ALL IN THE FAMILY

*Do you think of your business as a family business?*

MARILYN SCHULMAN

A CONSIDERABLE MAJORITY (73%) of CEOs responded no. This, despite the fact that nearly half (44%) have relatives working for them. Their responses suggest a distaste more for the image of a family business than for the reality. Ken Wells, who founded Key Construction (#367), in Wichita, with his brother, wanted none of the perceived nepotism that he says clouds a family business and drives away talented outsiders. "Other employees don't feel they have real opportunity in a family business. They see no chance for growth in a company where upper-level positions are a birthright for relatives."

To companies such as Van Mar (#219), in East Brunswick, N.J., there is no tarnish to being family-run. In fact, there are clear advantages, strategic as well as personal. "We literally eat, sleep, and live this business," says Marilyn Schulman, whose husband and two sons share her passion for their lingerie company. "I don't have to worry about it alone."

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **96. Triple S** Beckley, WV<br>Provides construction svcs. for mining industry | 2,417% | 53,423 | $136 | D | F | 30 | 2 | 1978 |
| **97. Milner Electrical** Lexington, KY<br>Provides electrical-contracting svcs. | 2,404 | 10,516 | 420 | C | F | 210 | 8 | 1986 |
| **98. Electronic Label Tech** Tulsa, OK<br>Sells bar-code-printing systs. | 2,396 | 12,579 | 504 | C | F | 53 | 3 | 1985 |
| **99. Cutchall Management** Omaha, NE<br>Owns & operates restaurants | 2,392 | 2,741 | 110 | D | B | 50 | 12 | 1986 |
| **100. Cascade Controls** Sunnyvale, CA<br>Provides instrumentation-contracting svcs. | 2,374 | 7,769 | 314 | D | F | 28 | 3 | 1986 |
| **101. Phoenix Controls** Newton, MA<br>Mfrs. lab air-flow controls | 2,344 | 5,597 | 229 | F | F | 64 | 7 | 1985 |
| **102. Micro Technology** (193) Anaheim, CA<br>Mfrs. network-mgmt. software | 2,340 | 82,678 | 3,388 | B | D | 360 | 25 | 1979 |
| **103. Response Nursing Services** Sherman Oaks, CA<br>Places home health-care personnel | 2,317 | 4,181 | 173 | D | F | 30 | 4 | 1986 |
| **104. Gym Management** Albany, CA<br>Operates fitness clubs | 2,302 | 5,668 | 236 | A | E | 57 | 4 | 1985 |
| **105. Melaleuca** (37) Idaho Falls, ID<br>Mkts. pharmaceuticals & personal-care prods. | 2,297 | 29,553 | 1,233 | A | D | 136 | 20 | 1985 |
| **106. Interactive Devel. Environments** (58) San Francisco, CA<br>Develops & sells CASE software | 2,270 | 17,098 | 719 | C | C | 129 | 11 | 1983 |
| **107. Intelligent Medical Systems** Carlsbad, CA<br>Mfrs. infrared medical thermometers | 2,264 | 7,847 | 332 | A | F | 85 | 9 | 1986 |
| **108. Horizon Data** (84) Reston, VA<br>Provides computer-systs.-integration svcs. | 2,240 | 8,799 | 376 | D | A | 48 | 5 | 1983 |
| **109. QUALCOMM** San Diego, CA<br>Mfrs. communication systs. | 2,202 | 46,500 | 2,020 | F | F | 436 | 50 | 1985 |
| **110. Digital Systems Consultants** St. Louis, MO<br>Provides software svcs. | 2,168 | 6,373 | 281 | D | A | 105 | 5 | 1985 |
| **111. Advanced Office Interiors** Omaha, NE<br>Provides construction svcs. | 2,163 | 5,703 | 252 | D | C | 21 | 6 | 1985 |
| **112. National Contract Staffing** Las Vegas, NV<br>Provides employee-leasing svcs. | 2,149 | 17,993 | 800 | D | F | 16 | 3 | 1985 |
| **113. U.S. Computer Maintenance** Bellmore, NY<br>Provides computer on-site-maintenance svcs. | 2,146 | 2,853 | 127 | B | D | 35 | 5 | 1986 |
| **114. Access Capital** New York, NY<br>Finances small businesses | 2,140 | 3,472 | 155 | A | F | 21 | 2 | 1986 |
| **115. Pioneer General Contractors** Amarillo, TX<br>Provides general-contracting svcs. | 2,103 | 10,025 | 455 | D | F | 47 | 3 | 1982 |
| **116. Tech Sales** Fort Wayne, IN<br>Builds material-recovery facilities | 2,095 | 4,742 | 216 | D | E | 6 | 2 | 1985 |
| **117. Sun Financial Group** Tampa, FL<br>Provides asset-mgmt. svcs. | 2,095 | 26,780 | 1,220 | D | B | 40 | 7 | 1981 |
| **118. Plus Marketing** Detroit, MI<br>Distr. wholesale food prods. | 2,083 | 12,353 | 566 | D | D | 28 | 3 | 1985 |
| **119. Impostors Copy Jewelry** (129) S. San Francisco, CA<br>Sells costume jewelry | 2,080 | 15,000 | 688 | C | B | 130 | 5 | 1985 |
| **120. Catalina Marketing** Anaheim, CA<br>Provides checkout-coupon svcs. | 2,062 | 28,100 | 1,300 | D | F | 194 | 40 | 1983 |
| **121. Baseball Card World** Anderson, IN<br>Mfrs. vinyl sheets for baseball-card storage | 2,054 | 13,894 | 645 | A | D | 63 | 2 | 1981 |
| **122. B&V Technology** Idaho Falls, ID<br>Mfrs. pharmaceutical & home-care prods. | 2,047 | 4,036 | 188 | A | F | 46 | 15 | 1981 |
| **123. Teltech Resource Network** Minneapolis, MN<br>Provides tech.-info. svcs. | 2,037 | 8,421 | 394 | F | F | 112 | 26 | 1984 |
| **124. Centracor** Neenah, WI<br>Mfrs. & distr. shipping prods. | 2,035 | 4,463 | 209 | C | C | 43 | 12 | 1986 |
| **125. Ward Petroleum** Enid, OK<br>Explores & mkts. natural gas & related oil prods. | 2,035 | 92,427 | 4,330 | D | B | 84 | 70 | 1971 |
| **126. Microtest** (273) Phoenix, AZ<br>Develops & mkts. LAN prods. | 2,030 | 9,860 | 463 | A | D | 78 | 10 | 1984 |
| **127. Adcom** Norcross, GA<br>Provides data-communication networking equip. | 2,028 | 18,580 | 873 | C | F | 71 | 9 | 1985 |
| **128. Home Care Affiliates** Louisville, KY<br>Provides home health-care svcs. | 2,017 | 21,744 | 1,027 | D | F | 230 | 28 | 1986 |
| **129. Atlantic Travel Agency** Daytona Beach Shores, FL<br>Operates travel agency | 2,010 | 3,102 | 147 | F | F | 26 | 3 | 1986 |
| **130. Three Springs** Huntsville, AL<br>Operates treatment programs for disturbed children | 1,990 | 3,302 | 158 | D | F | 81 | 7 | 1985 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss



PHOTOGRAPH: CHRISS WADE

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **131. Field Brothers Construction** Marion, OH<br>Provides general-contracting svcs. | 1,990% | 58,422 | 5403 | C | B | 120 | 15 | 1975 |
| **132. Southern Audio Services** Baton Rouge, LA<br>Mfrs. car audio equip. | 1,989 | 6,477 | 310 | C | F | 60 | 9 | 1983 |
| **133. Hydro-Environmental Technologies** Acton, MA<br>Provides environ.-consulting svcs. | 1,963 | 3,446 | 167 | C | B | 30 | 3 | 1986 |
| **134. Hertzberg Rare Coin Investments** (56) Tacoma, WA<br>Buys & sells rare coins | 1,962 | 14,973 | 726 | C | C | 8 | 1 | 1984 |
| **135. Ethix** Beaverton, OR<br>Provides health-care-mgmt. svcs. | 1,961 | 9,729 | 472 | D | F | 236 | 18 | 1982 |
| **136. Triax Communications** (180) Denver, CO<br>Operates cable-television systs. | 1,959 | 88,365 | 4,292 | F | F | 461 | 141 | 1982 |
| **137. Micon** Phoenix, AZ<br>Provides info.-systs.-consulting svcs. | 1,954 | 2,814 | 137 | C | C | 35 | 3 | 1986 |
| **138. H.J. Ford Associates** Arlington, VA<br>Provides systs.-engineering consulting svcs. | 1,952 | 4,474 | 218 | C | D | 57 | 1 | 1981 |
| **139. R.O.W. Sciences** Rockville, MD<br>Provides health & biomedical svcs. | 1,938 | 11,086 | 544 | D | F | 250 | 4 | 1983 |
| **140. Payroll 1** Royal Oak, MI<br>Provides payroll svcs. | 1,914 | 2,558 | 127 | C | F | 70 | 8 | 1986 |
| **141. SMTEK** Newbury Park, CA<br>Designs & mfrs. electronic modules | 1,851 | 8,057 | 413 | D | B | 75 | 7 | 1986 |
| **142. Environmental Instrumentation** Concord, CA<br>Sells environ. instruments | 1,838 | 5,716 | 295 | D | A | 26 | 0 | 1986 |
| **143. CompuDraft** Glenmoore, PA<br>Provides computer-aided-design svcs. | 1,827 | 2,254 | 117 | B | F | 36 | 2 | 1985 |
| **144. Computer Graphics Distributing** Gaithersburg, MD<br>Distr. computer-graphics hardware | 1,817 | 7,285 | 380 | D | D | 13 | 2 | 1986 |
| **145. Hernandez Engineering** Houston, TX<br>Provides safety & tech. support svcs. | 1,815 | 13,942 | 728 | D | C | 190 | 5 | 1983 |
| **146. FourGen Software** Edmonds, WA<br>Develops & sells accounting software | 1,813 | 3,367 | 176 | D | F | 66 | 10 | 1982 |
| **147. Cencom Cable Associates** (173) St. Louis, MO<br>Manages cable-television systs. | 1,800 | 64,346 | 3,387 | F | F | 1,320 | 500 | 1982 |
| **148. Metro Ride** Minneapolis, MN<br>Provides specialized transportation svcs. | 1,796 | 5,554 | 293 | D | F | 157 | 20 | 1986 |
| **149. Physical Optics** Torrance, CA<br>Researches optics & optoelectronics | 1,795 | 5,305 | 280 | D | F | 80 | 3 | 1985 |
| **150. David Mitchell & Associates** St. Paul, MN<br>Provides computer-consulting svcs. | 1,794 | 4,129 | 218 | C | C | 79 | 3 | 1984 |
| **151. Adcom** N. Pompano Beach, FL<br>Mkts. & svcs. facsimile equip. | 1,793 | 2,082 | 110 | D | F | 21 | 2 | 1986 |
| **152. Oakville Forest Products** Oakville, WA<br>Dries & chips lumber | 1,787 | 4,812 | 255 | D | F | 16 | 5 | 1986 |
| **153. Icon International** (20) New York, NY<br>Provides domestic & int'l. bartering svcs. | 1,771 | 20,791 | 1,111 | D | F | 20 | 3 | 1985 |
| **154. PPOM** (40) Southfield, MI<br>Provides PPO health-care svcs. | 1,769 | 9,045 | 484 | D | D | 87 | 13 | 1982 |
| **155. Pueblo Broadcasting** (120) Houston, TX<br>Provides Spanish-language broadcasting | 1,752 | 8,131 | 439 | E | C | 60 | 9 | 1976 |
| **156. Gupta Technologies** (133) Menlo Park, CA<br>Develops & distr. database-mgmt. systs. | 1,744 | 12,114 | 657 | F | C | 135 | 8 | 1984 |
| **157. American Teleconferencing Svcs.** Overland Park, KS<br>Provides conference-call svcs. | 1,738 | 2,923 | 159 | C | F | 38 | 3 | 1984 |
| **158. MWW/Strategic Communications** River Edge, NJ<br>Provides PR svcs. | 1,732 | 2,601 | 142 | A | C | 25 | 2 | 1986 |
| **159. Acumos** Foster City, CA<br>Mfrs. electronic components | 1,724 | 10,686 | 586 | C | C | 80 | 4 | 1983 |
| **160. Pro Image** Bountiful, UT<br>Franchises licensed-sports-prods. stores | 1,714 | 6,076 | 335 | C | C | 30 | 6 | 1985 |
| **161. Loan Pricing** New York, NY<br>Provides finan. info. to loan mkts. | 1,706 | 2,727 | 151 | F | F | 37 | 3 | 1985 |
| **162. Oreman Sales** (190) Kenner, LA<br>Distr. computer hardware & accessories | 1,703 | 59,669 | 3,310 | D | D | 57 | 8 | 1980 |
| **163. Apogee Research** Bethesda, MD<br>Provides finan.-consulting svcs. | 1,684 | 2,301 | 129 | D | F | 33 | 5 | 1986 |
| **164. DGR** St. Petersburg, FL<br>Mfrs. intraocular lenses | 1,681 | 3,793 | 213 | A | F | 60 | 5 | 1985 |
| **165. Recom Technologies** (153) San Jose, CA<br>Provides engineering & info.-systs. svcs. | 1,676 | 7,123 | 401 | D | D | 110 | 8 | 1980 |

* A: 16% or more; B: 11% to 15%; C: 6% to 10%; D: 1% to 5%; E: Break-even; F: Loss

INC. 500 SURVEY

# TIME IS ON THEIR SIDE

*Do entrepreneurs work too hard?*

KEN RYAN

CEOS EXPRESS RELIEF AND FAINT regret that their businesses consume less of their time as time goes by. All have stories to share about how hard and how long and how happily they had worked in the early days. "There were times when I slept on the floor by the phone so as not to miss a call," recalls Ken Ryan, CEO of Airmax (#75), in Bensenville, Ill. Now that his company is "gradually growing up," he's less prone to spending weekends and every night at the office, although he may always, he says, have the feeling that he's never doing enough.

Whereas 66% remember working at least 70 hours a week when they started, only 13% say they are doing so now. The distribution of their labors—then and now—follows:

| No. of hours worked per week | Percentage of CEOs that work/worked those hours now | when starting |
|---|---|---|
| Fewer than 30 | 1% | 3% |
| 30–40 | 6 | 0 |
| 41–50 | 15 | 4 |
| 51–60 | 40 | 16 |
| 61–70 | 24 | 12 |
| 71–80 | 8 | 26 |
| More than 80 | 5 | 40 |

PHOTOGRAPH: LEWIS TOBY

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **166. Efficient Field Service** N. Chelmsford, MA<br>Provides computer-maintenance svcs. | 1,675% | $2,112 | $119 | F | F | 17 | 6 | 1985 |
| **167. Groundwater & Environmental Services** Exton, PA<br>Provides environ.-consulting & -contracting svcs. | 1,663 | 4,848 | 275 | F | D | 109 | 12 | 1985 |
| **168. Berne Group** (36) New Braunfels, TX<br>Owns & operates fast-food restaurants | 1,648 | 22,900 | 1,310 | E | F | 1,000 | 105 | 1985 |
| **169. Comprehensive Technologies Int'l.** (161) Chantilly, VA<br>Provides military- & logistics-engineering svcs. | 1,633 | 19,727 | 1,138 | D | D | 325 | 47 | 1980 |
| **170. Nature's Recipe Pet Foods** Corona, CA<br>Mfrs. specialty pet foods | 1,624 | 16,841 | 972 | B | A | 28 | 4 | 1981 |
| **171. Artisoft** (119) Tucson, AZ<br>Mfrs. network hardware & software prods. | 1,609 | 41,100 | 2,405 | A | A | 138 | 5 | 1982 |
| **172. Modern Technologies** (83) Dayton, OH<br>Provides tech. svcs. | 1,605 | 19,024 | 1,116 | C | C | 385 | 50 | 1984 |
| **173. J.A.M.S.** (243) Orange, CA<br>Provides dispute-resolution svcs. | 1,603 | 16,299 | 957 | F | F | 100 | 4 | 1979 |
| **174. Oldenburg Group** (26) Milwaukee, WI<br>Mfrs. & distr. mining equip. | 1,600 | 165,303 | 9,725 | D | D | 1,200 | 212 | 1943 |
| **175. Waszily & Associates** Solon, OH<br>Provides contract & consulting engineering svcs. | 1,587 | 1,805 | 107 | D | C | 63 | 10 | 1986 |
| **176. Ranpac Engineering** (192) Temecula, CA<br>Provides civil-engineering & architectural svcs. | 1,568 | 14,513 | 870 | D | D | 175 | 10 | 1979 |
| **177. Franklin Int'l. Institute** (151) Salt Lake City, UT<br>Produces time-mgmt. seminars & prods. | 1,562 | 51,567 | 3,102 | C | D | 513 | 48 | 1984 |
| **178. Medi Center** (438) Lawton, OK<br>Operates primary-care medical centers | 1,557 | 8,138 | 491 | A | A | 78 | 7 | 1984 |
| **179. Porter McLeod** (103) Denver, CO<br>Provides general-contracting svcs. | 1,544 | 29,330 | 1,784 | E | D | 200 | 15 | 1985 |
| **180. Power-Tek** Farmington Hills, MI<br>Integrates engine dynamometer controls | 1,538 | 3,457 | 211 | B | A | 30 | 2 | 1984 |
| **181. Control Solutions** (202) Pasadena, TX<br>Distr. pest-control prods. | 1,532 | 4,439 | 272 | F | F | 22 | 4 | 1985 |
| **182. System Innovators** Maitland, FL<br>Provides cashiering systs. to govt. & utilities | 1,524 | 3,882 | 239 | D | F | 27 | 3 | 1980 |
| **183. Salem Screen Printers** (216) Salem, NH<br>Mfrs. & distr. printed sportswear | 1,522 | 48,467 | 2,988 | C | D | 317 | 49 | 1980 |
| **184. RazorSoft International** (479) Oklahoma City, OK<br>Develops & publishes video games | 1,518 | 9,403 | 581 | D | D | 24 | 6 | 1984 |
| **185. Gulf Coast Hair Care** Panama City, FL<br>Operates hair-care salons | 1,517 | 1,649 | 102 | C | F | 82 | 7 | 1985 |
| **186. Aladdin Steel Products** Colville, WA<br>Mfrs. solid-fuel heating appliances | 1,516 | 5,011 | 310 | B | B | 70 | 11 | 1979 |
| **187. City-Wide Discount Office Supply** Phoenix, AZ<br>Distr. office supplies | 1,497 | 8,322 | 521 | D | F | 76 | 8 | 1986 |
| **188. A.M. Express** (281) Escanaba, MI<br>Provides trucking svcs. | 1,493 | 1,673 | 105 | D | B | 26 | 3 | 1985 |
| **189. Ameritherm** Scottsville, NY<br>Mfrs. induction heating systs. | 1,490 | 2,003 | 126 | C | F | 24 | 8 | 1986 |
| **190. Marketing Profiles** Maitland, FL<br>Develops & mkts. software packages | 1,487 | 6,204 | 391 | C | F | 45 | 4 | 1984 |
| **191. Creative Marketing Incentives** San Francisco, CA<br>Manages corporate events | 1,482 | 24,702 | 1,561 | D | F | 72 | 7 | 1986 |
| **192. Consolidated Food Management** (413) Winter Park, FL<br>Mfrs. pasta & sauces | 1,470 | 3,078 | 196 | F | F | 40 | 10 | 1984 |
| **193. Reprints** Carlsbad, CA<br>Provides commercial printing svcs. | 1,469 | 5,948 | 379 | D | D | 65 | 3 | 1985 |
| **194. Chums** (420) Hurricane, UT<br>Mfrs. eyeglass retainers | 1,467 | 2,664 | 170 | D | F | 65 | 4 | 1983 |
| **195. Advanced Systems Technology** Atlanta, GA<br>Provides engineering, scientific, & tech. svcs. | 1,463 | 7,489 | 479 | D | C | 97 | 2 | 1981 |
| **196. Hawthorne Educational Services** Columbia, MO<br>Develops & publishes educational materials | 1,460 | 1,888 | 121 | A | C | 9 | 1 | 1984 |
| **197. Traveling Software** (41) Bothell, WA<br>Develops computer-software prods. | 1,457 | 14,218 | 913 | F | D | 90 | 15 | 1982 |
| **198. Chico's** (106) Fort Myers, FL<br>Mfrs. & sells women's apparel | 1,454 | 16,274 | 1,047 | F | A | 325 | 20 | 1983 |
| **199. JJW Construction** (228) Plantation, FL<br>Provides general-contracting svcs. | 1,451 | 46,808 | 3,017 | C | E | 305 | 41 | 1984 |
| **200. Allen-Ashley** (87) Evergreen, AL<br>Mfrs. raised-roof vans | 1,451 | 5,490 | 354 | C | D | 45 | 10 | 1983 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss

INC. 500 SURVEY

## PAR FOR THE COURSE

*Is playing golf important to your business?*

JOHN KOJAK

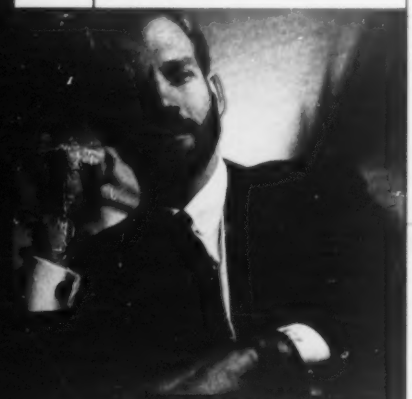
DON'T LOOK FOR THESE CEOS crowding the fairways. You won't find many closing deals on the ninth hole. Although all report entertaining clients on expense accounts, only 23% who answered our survey say playing golf is important to their business. There is nothing wrong with wining and dining customers, they unanimously agree, but who has time to play golf in the middle of the day? Corporate mavericks like John Kojak even defend an inalienable right *not* to play golf. "I left the last company I worked for because they told me I had to play golf," says Kojak, the founder of Phoenix Millwork & Manufacturing (#428), in Beaumont, Tex. Most CEOs, however, see nothing wrong with wooing customers on the golf course, even if they have little time for it themselves. "It's a very civilized way to get acquainted with clients," says L.O. Ward of Ward Petroleum (#125), in Enid, Okla.

PHOTOGRAPH: PAM FRANCIS

INC. 500 SURVEY

## WIMPS OR WHAT?

*Are today's workers losing the work ethic?*



RON DAUGHERTY

IF THERE'S A PRODUCTIVITY problem in this country, don't blame the employees working on the line. U.S. workers aren't wimps. U.S. managers are. That's what more than two-thirds of the CEOs surveyed tell us, in a surprising critique of corporate leadership. Sixty-four percent say their employees don't want too much; 70% say employees aren't losing their work ethic; and 68% say employees don't deserve to have their bosses ride them harder. Instead, what U.S. companies need to compete is better leadership. "Mediocre management is epidemic," says Ron Daugherty of Digital Systems Consultants (#110), in St. Louis. "The problem is that managers often fail to give clear direction and show how success will be measured." Maybe the demands of fast growth have made these CEOs more appreciative and empathetic. "When bosses perform all the tasks in the business, they learn what it's like for an employee," says Jack Robinson, CEO of Nutech Laundry & Textiles (#457), in Hyattsville, Md.

| Company (1990 rank)<br>Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | '86 | No. of employees '90 | '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **201. Intech Construction** Philadelphia, PA<br>Provides general-contracting svcs. | 1,447% | 523,634 | 51,528 | C | D | 33 | 15 | 1986 |
| **202. Partnership Group** (159) Lansdale, PA<br>Provides child- & elder-care referral svcs. | 1,443 | 5,693 | 369 | D | F | 50 | 10 | 1982 |
| **203. Energy Dynamics** New Berlin, WI<br>Mfrs. electric generators | 1,428 | 7,994 | 523 | D | C | 30 | 0 | 1984 |
| **204. Digidesign** (315) Menlo Park, CA<br>Designs & mfrs. digital & audio recording systs. | 1,423 | 9,685 | 636 | B | B | 56 | 7 | 1984 |
| **205. Drennen Forestry Services** (231) Blount Springs, AL<br>Provides forestry-mgmt. contracting svcs. | 1,422 | 5,221 | 343 | F | F | 40 | 7 | 1983 |
| **206. AccSys Technology** Pleasanton, CA<br>Mfrs. linear accelerator systs. | 1,415 | 2,605 | 172 | D | D | 19 | 4 | 1985 |
| **207. Thomas Publications** Dallas, TX<br>Publishes magazines | 1,413 | 4,963 | 328 | D | B | 20 | 3 | 1986 |
| **208. Cardboard Gold** Santa Ana, CA<br>Distr. sports-collectible accessories | 1,412 | 5,774 | 382 | D | D | 17 | 2 | 1985 |
| **209. New York Style Bagel Chip** (50) Skillman, NJ<br>Mfrs. bagel & pita chips | 1,401 | 16,138 | 1,075 | D | D | 200 | 3 | 1985 |
| **210. Trident Systems** Fairfax, VA<br>Provides computer-engineering prods. & svcs. | 1,394 | 1,823 | 122 | D | C | 18 | 4 | 1985 |
| **211. Advantage Business Systems** Melville, NY<br>Provides office automation & accounting systs. | 1,393 | 1,672 | 112 | D | F | 21 | 5 | 1986 |
| **212. Mid-States Technical Staffing Svcs.** Bettendorf, IA<br>Provides engineering & tech. svcs. | 1,384 | 4,644 | 313 | C | D | 18 | 1 | 1986 |
| **213. Octocom Systems** (9) Wilmington, MA<br>Mfrs. data-communications systs. | 1,381 | 26,649 | 1,799 | C | F | 144 | 22 | 1984 |
| **214. Knowledge Systems** Cary, NC<br>Provides object tech. software svcs. | 1,380 | 1,524 | 103 | A | E | 19 | 2 | 1986 |
| **215. IMRS** (427) Stamford, CT<br>Provides software solutions for corporate mgmt. | 1,379 | 24,761 | 1,674 | C | D | 183 | 18 | 1981 |
| **216. SWFTE International** Hockessin, DE<br>Develops & mkts. software | 1,372 | 2,002 | 136 | A | E | 12 | 2 | 1983 |
| **217. Eastern Group** Alexandria, VA<br>Explores & mkts. natural gas & oil | 1,360 | 41,983 | 2,875 | C | A | 80 | 20 | 1981 |
| **218. CITA Technologies** (35) Emmaus, PA<br>Sells computer hardware | 1,358 | 12,935 | 887 | D | E | 49 | 8 | 1985 |
| **219. Van Mar** East Brunswick, NJ<br>Sells women's imported intimate apparel | 1,357 | 24,052 | 1,651 | D | D | 125 | 12 | 1980 |
| **220. Fecek & Borchard Consulting** Auburn Hills, MI<br>Provides computer-consulting svcs. | 1,350 | 2,204 | 152 | D | C | 27 | 2 | 1985 |
| **221. Seaboard Mechanical** Richmond, VA<br>Repairs commercial refrigeration | 1,345 | 3,888 | 269 | D | C | 66 | 14 | 1983 |
| **222. Sonetics** Portland, OR<br>Mfrs. headsets & intercoms | 1,343 | 2,598 | 180 | D | A | 22 | 2 | 1983 |
| **223. MMI of Mississippi** Crystal Springs, MS<br>Mfrs. medical equip. | 1,339 | 2,302 | 160 | A | C | 14 | 1 | 1986 |
| **224. TRI-COR Industries** Landover, MD<br>Provides software & systs.-engineering svcs. | 1,334 | 8,804 | 614 | C | D | 110 | 15 | 1983 |
| **225. Plourde Computer Services** (204) Livermore, CA<br>Develops point-of-sale software | 1,327 | 7,906 | 554 | D | D | 48 | 9 | 1983 |
| **226. Preferred Printing Services** South Windsor, CT<br>Distr. custom-printing prods. | 1,326 | 1,782 | 125 | D | F | 7 | 1 | 1986 |
| **227. Richard Michael Group** Chicago, IL<br>Provides permanent- & temporary-placement svcs. | 1,323 | 3,813 | 268 | B | A | 31 | 2 | 1985 |
| **228. Richard D. Poole** York, PA<br>Provides general-contracting svcs. | 1,323 | 31,794 | 2,235 | D | D | 130 | 10 | 1985 |
| **229. Auto-Soft** Bountiful, UT<br>Provides material-handling mfg. automation | 1,308 | 3,801 | 270 | B | B | 45 | 5 | 1985 |
| **230. Gale Group** (287) Apopka, FL<br>Mfrs. lawn & garden prods. | 1,301 | 36,669 | 2,618 | F | D | 395 | 39 | 1981 |
| **231. Tygh Silicon** Pleasanton, CA<br>Sells materials & svcs. to semiconductor industry | 1,294 | 3,151 | 226 | A | A | 9 | 3 | 1986 |
| **232. Routing Technology Software** (319) Vienna, VA<br>Develops & mkts. routing software | 1,292 | 5,178 | 372 | A | F | 48 | 7 | 1983 |
| **233. Roux Associates** Huntington, NY<br>Provides environ. consulting & mgmt. svcs. | 1,291 | 11,194 | 805 | D | F | 117 | 18 | 1981 |
| **234. Barclays Law Publishers** S. San Francisco, CA<br>Provides new law info. prods. & svcs. | 1,285 | 4,917 | 355 | A | F | 40 | 6 | 1984 |
| **235. Megasource** Birmingham, MI<br>Provides computer support to health-care industry | 1,282 | 4,119 | 298 | C | F | 46 | 9 | 1983 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss

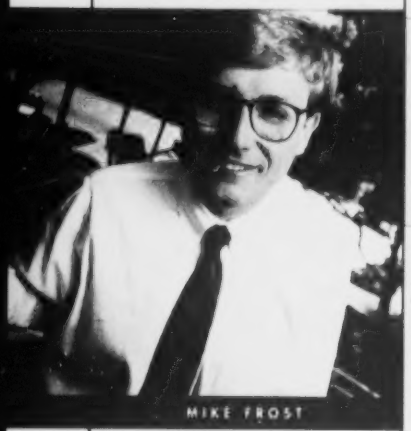


PHOTOGRAPH: MARK KATZMAN

INC. 500 SURVEY

## ATTITUDE ADJUSTMENTS

*Have attitudes changed about the importance of small companies?*



MIKE FROST

SIXTY PERCENT OF THE CEOS surveyed say that, no question about it, the status of small companies isn't what it used to be. They report being treated differently by government, by large companies, and by banks. But the question remains: are the changes for better or worse?

One-third say they detect a new attitude in government, but they can't agree on whether there has been an improvement. In contrast, more than half indicate that big companies' attitudes toward smaller partners have improved. As a result, it's easier doing business with the *Fortune* 500, they say. When it comes to banks, alas, the love—if it ever existed—has long grown cold. A disappointed majority (78%) complain that banks have turned sour on small companies. That's been true even for profitable, $20-million companies such as Technology Works (#4). Of course, calling (Austin) Texas home doesn't help matters. CEO Mike Frost uses one word to describe the status of small-business banking there: "Nonexistent."

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **236. Commonwealth** Cincinnati, OH<br>Provides public warehouse svcs. | 1,281% | $2,748 | $199 | D | A | 40 | 3 | 1985 |
| **237. Idelman Telemarketing** Omaha, NE<br>Provides telemarketing svcs. | 1,276 | 55,923 | 4,065 | C | C | 4,200 | 850 | 1986 |
| **238. Welcom Software Technology** (139) Houston, TX<br>Provides software for PCs, DEC, VAX, & Macintosh | 1,273 | 12,222 | 890 | C | C | 107 | 11 | 1984 |
| **239. Apex Computer** (162) Redmond, WA<br>Provides svcs. for Sun workstation users | 1,272 | 13,379 | 975 | C | A | 115 | 13 | 1985 |
| **240. DUAL & Associates** (14) Arlington, VA<br>Provides support svcs. & contract mfg. to govt | 1,271 | 19,378 | 1,413 | D | D | 225 | 50 | 1983 |
| **241. Directed Electronics** San Marcos, CA<br>Mfrs. automotive-security prods. | 1,264 | 27,631 | 2,025 | C | D | 89 | 35 | 1986 |
| **242. MRI Manufacturing & Research** Tucson, AZ<br>Mfrs. medical silicone catheters | 1,263 | 1,949 | 143 | C | C | 65 | 10 | 1986 |
| **243. GET Travel** Walnut Creek, CA<br>Provides travel svcs. | 1,257 | 1,683 | 124 | D | F | 11 | 2 | 1985 |
| **244. MVM** Falls Church, VA<br>Provides security & investigative svcs. | 1,256 | 17,834 | 1,315 | D | C | 600 | 15 | 1979 |
| **245. Micro Dynamics** Silver Springs, MD<br>Develops & mkts. computer-imaging prods. | 1,255 | 5,759 | 425 | C | E | 50 | 10 | 1985 |
| **246. Questron** Auburn Hills, MI<br>Designs & mfrs. electrical-engineering systs. | 1,253 | 1,556 | 115 | A | A | 25 | 2 | 1986 |
| **247. Scientech** (118) Idaho Falls, ID<br>Provides engineering & mgmt. svcs. | 1,252 | 17,357 | 1,284 | C | B | 139 | 7 | 1983 |
| **248. Associated Physicians Management** Hoffman Estates, IL<br>Manages medical-malpractice-insurance co. | 1,251 | 2,729 | 202 | B | F | 19 | 4 | 1985 |
| **249. Software Moguls** Eden Prairie, MN<br>Develops software on UNIX platforms | 1,251 | 1,729 | 128 | B | D | 10 | 2 | 1986 |
| **250. Advanced Computer Systems** Fairfax, VA<br>Provides professional & tech. svcs. | 1,250 | 4,211 | 312 | D | E | 100 | 6 | 1982 |
| **251. Texxon Enterprises** Duncanville, TX<br>Operates roof service & supply co. | 1,248 | 4,286 | 318 | B | B | 29 | 3 | 1985 |
| **252. Ram Technologies** Ashland, KY<br>Provides communication svcs. | 1,234 | 2,615 | 196 | C | C | 50 | 5 | 1976 |
| **253. Tri-County Security** (212) Ferndale, MI<br>Provides security & investigative svcs. | 1,233 | 4,385 | 329 | C | D | 419 | 97 | 1984 |
| **254. Brooktrout Technology** Needham, MA<br>Develops & mfrs. electronic messaging systs. | 1,232 | 5,662 | 425 | F | F | 36 | 11 | 1984 |
| **255. First Benefit** Anderson, IN<br>Administers employee-benefits plans | 1,231 | 3,819 | 287 | D | A | 115 | 3 | 1985 |
| **256. Athletic Fitters** (267) Eden Prairie, MN<br>Owns athletic-footwear stores | 1,230 | 5,415 | 407 | B | A | 31 | 4 | 1983 |
| **257. Am-Pro Protective Agency** (257) Columbia, SC<br>Provides security svcs. | 1,228 | 29,208 | 2,200 | D | D | 1,035 | 180 | 1982 |
| **258. Statistica** Clarksville, MD<br>Engineers software | 1,219 | 24,153 | 1,831 | D | D | 256 | 55 | 1977 |
| **259. Carl Thompson Associates** Boulder, CO<br>Provides investor, PR, & advertising svcs. | 1,218 | 1,582 | 120 | C | F | 26 | 3 | 1985 |
| **260. Chevelle Classics** Huntington Beach, CA<br>Distr. auto parts & accessories | 1,213 | 4,977 | 379 | B | E | 38 | 4 | 1985 |
| **261. Stewart Graphics** Jeffersonville, IN<br>Provides volume purchasing svcs. | 1,213 | 3,164 | 241 | D | D | 21 | 3 | 1986 |
| **262. ADA Technologies** Englewood, CO<br>Provides environ.-engineering svcs. | 1,209 | 1,832 | 140 | C | F | 20 | 1 | 1985 |
| **263. Accurate Information Systems** S. Plainfield, NJ<br>Provides systs.-integration svcs. | 1,202 | 10,229 | 1,400 | D | D | 110 | 15 | 1983 |
| **264. System Resources** Burlington, MA<br>Provides high-tech svcs. | 1,200 | 8,557 | 658 | B | D | 92 | 9 | 1985 |
| **265. D.A. Campbell** Santa Monica, CA<br>Operates institutional stock-brokerage firm | 1,199 | 4,936 | 380 | D | A | 20 | 3 | 1965 |
| **266. Custom Window Systems** Ocala, FL<br>Mfrs. custom screen room enclosures | 1,196 | 2,047 | 158 | C | F | 38 | 9 | 1986 |
| **267. Entek** (342) Alexandria, VA<br>Provides engineering & high-tech svcs. | 1,191 | 7,435 | 576 | D | D | 68 | 10 | 1980 |
| **268. InfoSource** Winter Park, FL<br>Mfrs. computer-training software | 1,185 | 1,401 | 109 | D | F | 35 | 2 | 1983 |
| **269. Mastersoft** Scottsdale, AZ<br>Develops & publishes software | 1,180 | 1,434 | 112 | B | F | 11 | 3 | 1986 |
| **270. Morningstar** (471) Chicago, IL<br>Publishes finan. info. | 1,178 | 2,351 | 184 | C | F | 35 | 7 | 1984 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss



PHOTOGRAPH: WILL VAN OVERBEEK

INC. 500 SURVEY

## QUOTATIONS FROM THE CHAIRMEN

*As chairman of General Motors, what's the first thing you'd do?*

JIM MILLER

WHEN WE PUT THAT QUESTION to our *Inc.* 500 CEOs, most answered decisively:

*"Put on a suit. I've never worn a suit."*

—JIM MILLER, THE RIGGING CO. (#385), PORTSMOUTH, R.I.

*"I wouldn't close any plants in Flint, Michigan."*

—MIKE FROST, TECHNOLOGY WORKS (#4), AUSTIN, TEX.

*"Resign."*

—THOMAS CASTEN, TRIGEN ENERGY (#70), WHITE PLAINS, N.Y.

*"Test-drive the latest Corvette on the track."*

—WILLIAM DOLAN, TANKTEST (#88), MARLTON, N.J.

*"Commit suicide."*

—JIM JURANITCH, POWER-TEK (#180), FARMINGTON HILLS, MICH.

*"Make the best damn resignation speech ever."*

—DON SOULTS, ROUTING TECHNOLOGY SOFTWARE (#232), VIENNA, VA.

| Company (1990 rank) Business description | Sales growth 1986–90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **271. TL Care** San Francisco, CA<br>Designs & mfrs. infant clothing & accessories | 1,177% | $2,721 | $213 | C | F | 5 | 2 | 1965 |
| **272. Saloom Furniture** Gardner, MA<br>Mfrs. & sells furniture | 1,172 | 3,881 | 305 | D | D | 47 | 8 | 1980 |
| **273. Schweitzer Engineering Laboratories** Pullman, WA<br>Designs & mfrs. electrical-relay equip. | 1,167 | 11,918 | 941 | A | A | 63 | 14 | 1982 |
| **274. Coverall North America** (32) San Diego, CA<br>Franchises industrial cleaning svcs. | 1,166 | 13,292 | 1,050 | C | B | 121 | 8 | 1985 |
| **275. DCT Systems** St. Paul, MN<br>Sells & svcs. computer hardware & software | 1,164 | 78,973 | 6,246 | D | E | 138 | 25 | 1984 |
| **276. McGrath Industries** (406) Clifton Park, NY<br>Provides general-contracting svcs. | 1,162 | 33,257 | 2,635 | B | D | 150 | 25 | 1985 |
| **277. Panda Resources** (25) Tulsa, OK<br>Explores & mkts. natural gas & oil | 1,161 | 100,289 | 7,950 | E | E | 32 | 5 | 1983 |
| **278. Cactus Services** Chesapeake, VA<br>Evaluates & mkts. new prods. | 1,156 | 1,331 | 106 | B | F | 12 | 2 | 1984 |
| **279. Cone Software** (197) Boothwyn, PA<br>Provides PC-based consulting svcs. | 1,150 | 2,751 | 220 | D | D | 35 | 3 | 1983 |
| **280. American Mobile Homes of Nevada** Reno, NV<br>Retails manufactured housing | 1,150 | 18,188 | 1,455 | C | C | 54 | 4 | 1985 |
| **281. New Science Associates** Southport, CT<br>Provides info.-tech.-consulting svcs. | 1,150 | 3,836 | 307 | F | F | 38 | 9 | 1985 |
| **282. FMA Enterprises** Houston, TX<br>Provides collection svcs. | 1,147 | 2,445 | 196 | F | F | 27 | 5 | 1983 |
| **283. Advanced Production Systems** Louisville, KY<br>Designs software for industrial automation | 1,144 | 1,829 | 147 | D | B | 27 | 5 | 1986 |
| **284. Terra Vac** San Juan, PR<br>Provides environ.-cleanup svcs. | 1,139 | 11,546 | 932 | D | A | 118 | 14 | 1984 |
| **285. Precision Response** (140) Miami, FL<br>Provides telemarketing & database-mgmt. svcs. | 1,132 | 9,881 | 802 | D | C | 240 | 26 | 1981 |
| **286. Triconex** Irvine, CA<br>Mfrs. fault-tolerant industrial-control systs. | 1,127 | 11,544 | 941 | D | F | 59 | 34 | 1983 |
| **287. Eurostar** (122) Los Angeles, CA<br>Sells footwear | 1,126 | 57,479 | 4,687 | D | D | 102 | 18 | 1984 |
| **288. Multi-Net** Houston, TX<br>Sells & svcs. microcomputers | 1,123 | 33,723 | 2,757 | F | F | 120 | 10 | 1984 |
| **289. Asymtek** (66) Carlsbad, CA<br>Mfrs. automated fluid-dispensing systs. | 1,116 | 6,200 | 510 | B | F | 52 | 8 | 1983 |
| **290. LSI Temporary Svcs. & Placement** Wichita, KS<br>Provides temporary-help svcs. | 1,112 | 1,382 | 114 | D | F | 4 | 1 | 1986 |
| **291. Scientific Software** Atlanta, GA<br>Provides software & data svcs. | 1,108 | 5,703 | 472 | A | A | 56 | 12 | 1984 |
| **292. Raima** (179) Bellevue, WA<br>Develops database software | 1,103 | 6,005 | 499 | D | D | 76 | 10 | 1982 |
| **293. USA Direct** Manchester, PA<br>Provides direct-mail mfg. & svcs. | 1,097 | 13,338 | 1,114 | D | E | 250 | 8 | 1985 |
| **294. S & W Foundation Contractors** Richardson, TX<br>Repairs building foundations | 1,085 | 1,185 | 100 | D | E | 40 | 1 | 1986 |
| **295. Mega Maintenance & Services** Highlands, TX<br>Provides industrial-maintenance svcs. | 1,082 | 5,213 | 441 | A | F | 501 | 24 | 1983 |
| **296. Applied Technology Ventures** (135) Cleveland, OH<br>Wholesales computers | 1,081 | 17,720 | 1,500 | E | E | 41 | 15 | 1980 |
| **297. Boca Research** Boca Raton, FL<br>Designs & mfrs. boards for PCs | 1,070 | 15,838 | 1,354 | A | F | 65 | 10 | 1985 |
| **298. Exsel** Rochester, NY<br>Sells pre-owned computer equip. | 1,070 | 13,555 | 1,159 | D | F | 75 | 12 | 1983 |
| **299. Sierra Industries** Uvalde, TX<br>Modifies & svcs. aircraft | 1,069 | 3,202 | 274 | D | A | 38 | 4 | 1985 |
| **300. Computer Consulting Services** Montvale, NJ<br>Provides contract computer-consulting svcs. | 1,066 | 3,231 | 277 | D | F | 55 | 7 | 1982 |
| **301. Princeton Review of Texas** Houston, TX<br>Provides standardized-testing review | 1,063 | 1,489 | 128 | B | E | 8 | 3 | 1986 |
| **302. Data.Com RESULTS** Rocky Hill, CT<br>Provides data communications & related svcs. | 1,056 | 2,764 | 239 | D | E | 10 | 1 | 1986 |
| **303. J.B. Dollar Stretcher** Richfield, OH<br>Publishes coupon magazines | 1,054 | 1,281 | 111 | C | F | 5 | 3 | 1985 |
| **304. Long Transportation Services** Raleigh, NC<br>Provides trucking svcs. | 1,053 | 6,804 | 590 | D | D | 86 | 4 | 1984 |
| **305. DataLOK** (376) Los Angeles, CA<br>Provides data-storage & -retrieval svcs. | 1,051 | 2,048 | 178 | C | F | 31 | 9 | 1984 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss



PHOTOGRAPH: GALE ZUCKER

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **306. Personnel Temps** Spartanburg, SC<br>Provides temporary-placement svcs. | 1,049% | 56,847 | 5596 | D | F | 26 | 4 | 1985 |
| **307. Saturn Electronics & Engineering** Rochester Hills, MI<br>Provides electronic-engineering svcs. | 1,047 | 7,950 | 693 | D | A | 95 | 10 | 1985 |
| **308. Labor Force of Mid Florida** Tampa, FL<br>Provides temporary-help svcs. | 1,046 | 10,600 | 925 | F | C | 35 | 3 | 1986 |
| **309. Computer Bay** Milwaukee, WI<br>Franchises PC dealerships | 1,044 | 92,798 | 8,111 | D | D | 38 | 14 | 1981 |
| **310. Prima Communications** (317) Rocklin, CA<br>Publishes nonfiction books | 1,043 | 3,156 | 277 | B | B | 7 | 3 | 1980 |
| **311. Alpha Analytical** Westborough, MA<br>Provides analytical chemistry svcs. | 1,037 | 4,411 | 388 | C | D | 55 | 5 | 1985 |
| **312. Stagecoach Cartage & Distribution** El Paso, TX<br>Provides cartage & warehousing svcs. | 1,032 | 4,913 | 434 | D | D | 130 | 20 | 1986 |
| **313. Towel Specialties** Baltimore, MD<br>Distr. & custom-imprints terry-cloth prods. | 1,031 | 1,515 | 134 | D | D | 12 | 2 | 1985 |
| **314. Credence Systems** Fremont, CA<br>Mfrs. semiconductor test equip. | 1,030 | 37,295 | 3,299 | D | F | 225 | 62 | 1978 |
| **315. Software 2000** (417) Hyannis, MA<br>Develops software | 1,029 | 28,595 | 2,533 | C | C | 305 | 30 | 1981 |
| **316. HealthStaffers** (38) Chicago, IL<br>Provides nursing svcs. | 1,027 | 14,375 | 1,276 | A | F | 362 | 95 | 1977 |
| **317. Synetics** (125) Wakefield, MA<br>Engineers high-tech systs. | 1,025 | 25,880 | 2,301 | D | D | 285 | 43 | 1984 |
| **318. Pacific Precision Laboratories** (31) Chatsworth, CA<br>Mfrs. testing equip. | 1,020 | 12,744 | 1,138 | D | C | 120 | 10 | 1985 |
| **319. Walluski Western** Astoria, OR<br>Mfrs., designs, & mkts. agricultural equip. | 1,019 | 2,205 | 197 | D | F | 20 | 6 | 1981 |
| **320. Signature Graphics** Porter, IN<br>Mfrs. truck decals | 1,019 | 4,297 | 384 | D | F | 45 | 10 | 1986 |
| **321. Microserv** Bellevue, WA<br>Provides tech. svcs. | 1,018 | 4,227 | 378 | D | A | 73 | 6 | 1985 |
| **322. Boston Popcorn** (236) Newton, MA<br>Mfrs. & distr. "lite" popcorn | 1,012 | 7,375 | 663 | C | F | 56 | 8 | 1984 |
| **323. Kreider/Matsinger Associates** Philadelphia, PA<br>Provides architecture & space-planning svcs. | 1,010 | 1,188 | 107 | A | A | 12 | 3 | 1986 |
| **324. Mini Computer Software** (390) Waukesha, WI<br>Provides mgmt.-software systs. | 1,007 | 1,229 | 111 | B | F | 26 | 4 | 1980 |
| **325. LMB Microcomputers** (363) Indianapolis, IN<br>Sells & svcs. computers | 1,006 | 23,765 | 2,149 | C | B | 28 | 7 | 1980 |
| **326. Poly-Tex** Castle Rock, MN<br>Mfrs. & sells commercial greenhouses | 1,006 | 3,383 | 306 | D | D | 35 | 6 | 1984 |
| **327. Northwest Pine Products** (242) Bend, OR<br>Produces wood chips for pulp & paper industry | 1,005 | 7,403 | 670 | D | C | 30 | 8 | 1984 |
| **328. Microware Distributors** (470) Beaverton, OR<br>Distr. computer equip. & periph. | 1,003 | 203,968 | 18,486 | F | D | 392 | 56 | 1979 |
| **329. Continental Health Promotion** Richmond, VA<br>Designs & implements employee health programs | 1,003 | 1,566 | 142 | C | D | 21 | 4 | 1984 |
| **330. Zeiders Enterprises** Woodbridge, VA<br>Provides professional mgmt. svcs. | 1,001 | 2,653 | 241 | D | C | 83 | 9 | 1984 |
| **331. TNG** Bedford, TX<br>Sells furniture | 1,000 | 1,298 | 118 | C | F | 6 | 2 | 1984 |
| **332. Spray-Tech** Longwood, FL<br>Installs vinyl siding for Sears | 999 | 12,720 | 1,157 | D | E | 25 | 14 | 1982 |
| **333. Allsup** (239) Belleville, IL<br>Provides Social Security consulting svcs. | 999 | 3,691 | 336 | B | B | 54 | 6 | 1983 |
| **334. Magnet** Washington, MO<br>Mfrs. specialty advertising magnets | 997 | 9,337 | 851 | C | C | 165 | 15 | 1983 |
| **335. Prestige Leather** (235) Vernon, CA<br>Mfrs. fashion belts | 997 | 20,291 | 1,850 | D | D | 274 | 75 | 1974 |
| **336. Job Boss Software** Minneapolis, MN<br>Develops & supports business-mgmt. software | 996 | 1,709 | 156 | C | F | 25 | 4 | 1985 |
| **337. Lifetime Products** Clearfield, UT<br>Mfrs. basketball equip. | 993 | 19,131 | 1,751 | C | D | 193 | 14 | 1986 |
| **338. U.S. Xpress** (325) Chattanooga, TN<br>Provides commercial trucking svcs. | 984 | 119,283 | 11,009 | D | D | 1,600 | 210 | 1985 |
| **339. HMA Behavioral Health** Worcester, MA<br>Provides health-review svcs. | 979 | 2,050 | 190 | D | D | 20 | 5 | 1982 |
| **340. Eagle Marketing Services** Fort Collins, CO<br>Provides direct-mail-mktg. svcs. | 976 | 2,970 | 276 | C | F | 11 | 2 | 1982 |

* A: 16% or more; B: 11% to 15%; C: 6% to 10%; D: 1% to 5%; E: Break-even; F: Loss

INC. 500 SURVEY

## NO NEW CANDIDATE

*Is there anyone you would prefer to George Bush as president?*

LEE IACOCCA

WITH AN ELECTION YEAR UPON us, we couldn't resist inquiring about the presidential preferences of these decision makers. We asked CEOs of growth companies to name one leader from any field—candidate or not—whom they would favor over George Bush. Relax, George, many say they'd vote for you, anyway—although one respondent would rather have the First Lady take command. Here's how the votes were cast:

George Bush, 22%; Lee Iacocca, 12%; don't know, 9%; Ross Perot, 6%; Robert Dole, 5%; Norman Schwarzkopf, 4%; Colin Powell, 4%; Dick Cheney, 3%; James Baker, 2%; Sam Walton, 2%.

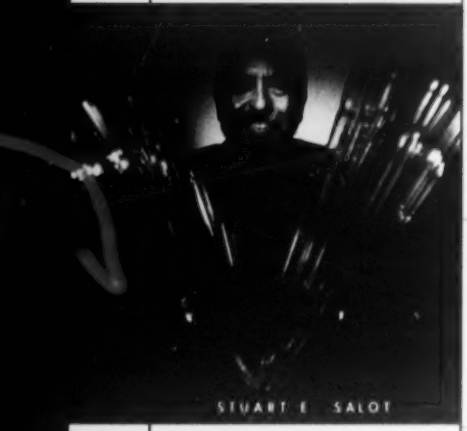
Dispelling pollsters' suspicions about the validity of our survey are three CEOs who took the question seriously and suggested themselves for the Oval Office. Our favorite picks include Madonna, Clint Eastwood, Warren Buffet, Billy Graham, and should that most final of retirements prove too dull, the return of Abraham Lincoln and Malcolm Forbes Sr.

PHOTOGRAPH: FRANK OCKENFELS 3/OUTLINE

INC. 500 SURVEY

## SECOND RATE

*Has the United States lost its competitive edge?*



STUART E. SALOT

MORE THAN HALF THE CEOS WE asked agree with critics who say that the answer to this question is yes. "I don't drive an American car; I don't listen to an American stereo; I don't watch an American TV; and I don't use an American microwave," says Stuart E. Salot of CTL Environmental Services (#341), in Harbor City, Calif. "We've lost our ability to compete."

The 54% of respondents who see a decline in the nation's economic standing attribute it to poor education, insufficient trade protection, and ineffectual government policy.

However, the 46% who dispute the notion that ours is a second-rate nation find countervailing strengths in people mainly like themselves: entrepreneurs starting companies and pioneering industries. Quality and innovation continue to distinguish U.S. companies, they argue. "Bash away, but when all the beans are counted, we're still number one," says Manny Menendez of Deneba Systems (#84), in Miami.

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **341. CTL Environmental Services** Harbor City, CA<br>Provides environ.-consulting svcs. | 974% | $6,907 | $643 | B | C | 110 | 17 | 1974 |
| **342. Proteus** (259) Albuquerque, NM<br>Provides computer-systs.-integration prods. | 974 | 4,124 | 384 | D | D | 63 | 43 | 1981 |
| **343. Liberty Business Systems** Fargo, ND<br>Sells & svcs. copiers & faxes | 973 | 1,148 | 107 | B | C | 9 | 3 | 1986 |
| **344. Switchgear Systems** Dallas, TX<br>Sells surplus electrical-power-distribution equip. | 970 | 2,033 | 190 | D | D | 15 | 2 | 1985 |
| **345. Liuski International** (71) Melville, NY<br>Distr. PCs & components | 969 | 129,685 | 12,128 | D | D | 270 | 50 | 1984 |
| **346. Retail Management System** Urbandale, IA<br>Develops & distr. supermarket-mgmt. software | 969 | 1,881 | 176 | F | F | 24 | 3 | 1984 |
| **347. Human Resources Advertising** Santa Clara, CA<br>Designs & places recruitment advertising | 967 | 4,086 | 383 | F | D | 18 | 3 | 1986 |
| **348. First Travel Card** Schaumberg, IL<br>Operates travel club | 966 | 15,014 | 1,408 | C | F | 100 | 64 | 1984 |
| **349. American Biodyne** (42) S. San Francisco, CA<br>Provides mental-health-treatment programs | 965 | 27,680 | 2,600 | C | C | 425 | 60 | 1985 |
| **350. Motivation Excellence** Inverness, IL<br>Provides incentive-mktg. svcs. | 956 | 7,432 | 704 | D | F | 24 | 4 | 1985 |
| **351. Newport Creative Communications** Duxbury, MA<br>Provides direct-response-mktg. svcs. | 956 | 2,206 | 209 | C | A | 3 | 1 | 1985 |
| **352. Centercom** Milwaukee, WI<br>Provides videotape-duplication svcs. | 951 | 5,415 | 515 | C | A | 35 | 4 | 1985 |
| **353. Concord Technologies** Marlborough, MA<br>Sells & svcs. bar-code systs. | 950 | 6,344 | 604 | D | D | 25 | 4 | 1985 |
| **354. Tracom** Fort Worth, TX<br>Sells diesel engines & industrial transmissions | 950 | 2,856 | 272 | A | F | 25 | 4 | 1985 |
| **355. Remediation Technologies** Concord, MA<br>Provides environ. engineering & cleanup svcs. | 949 | 18,312 | 1,745 | D | F | 170 | 20 | 1985 |
| **356. Source Technologies** Charlotte, NC<br>Sells computer printers | 947 | 3,508 | 335 | D | C | 8 | 1 | 1986 |
| **357. Step Ahead Investments** (101) W. Sacramento, CA<br>Owns discount stores | 946 | 17,756 | 1,698 | D | D | 246 | 23 | 1983 |
| **358. JAK Construction** (354) Falls Church, VA<br>Provides general-contracting svcs. | 945 | 21,165 | 2,025 | D | C | 95 | 12 | 1982 |
| **359. Merit Electric** Fort Collins, CO<br>Provides electrical-contracting svcs. | 941 | 2,572 | 247 | D | B | 38 | 4 | 1984 |
| **360. Software Spectrum** Garland, TX<br>Resells software | 940 | 118,507 | 11,391 | D | C | 200 | 20 | 1983 |
| **361. Resource & Development Group** Lenexa, KS<br>Provides direct-mail fund-raising svcs. | 938 | 2,792 | 269 | C | E | 21 | 2 | 1985 |
| **362. Happ Controls** Elk Grove, IL<br>Mfrs. & distr. video-game controls | 937 | 10,639 | 1,026 | D | D | 60 | 9 | 1986 |
| **363. Dealer** San Ramon, CA<br>Provides free auto-advertising publications | 936 | 5,585 | 539 | C | A | 100 | 42 | 1985 |
| **364. Astropower** (110) Newark, DE<br>Mfrs. solar-energy prods. | 934 | 4,363 | 422 | F | F | 83 | 30 | 1983 |
| **365. Team Spirit** (347) Omaha, NE<br>Sells licensed sports apparel | 921 | 9,173 | 898 | B | A | 140 | 15 | 1985 |
| **366. East Coast Computer Systems** (152) Tinton Falls, NJ<br>Sells computer systs. & periphs. | 921 | 37,559 | 3,679 | E | C | 100 | 15 | 1980 |
| **367. Key Construction** Wichita, KS<br>Provides general construction svcs. | 916 | 6,563 | 646 | C | C | 32 | 8 | 1978 |
| **368. Telamon** Indianapolis, IN<br>Distr. telecommunications material & equip. | 916 | 4,063 | 400 | D | F | 24 | 5 | 1984 |
| **369. Recra Environmental** Amherst, NY<br>Provides environ. analysis | 912 | 10,544 | 1,042 | C | F | 171 | 82 | 1986 |
| **370. Environmental Remediation** Baton Rouge, LA<br>Mfrs. bioremediation materials | 911 | 12,760 | 1,262 | C | F | 90 | 20 | 1987 |
| **371. Pecos River Learning Center** Santa Fe, NM<br>Organizes corporate retreats | 911 | 17,142 | 1,696 | C | F | 250 | 15 | 1985 |
| **372. American Computer Group** Chatsworth, CA<br>Provides mailing-list svcs. | 907 | 2,316 | 230 | D | E | 40 | 3 | 1984 |
| **373. Dahlin Smith White** Salt Lake City, UT<br>Operates business-to-business advertising agency | 905 | 25,472 | 2,534 | E | E | 53 | 17 | 1986 |
| **374. ViaSat** Carlsbad, CA<br>Designs & mfrs. communications equip. | 905 | 3,064 | 305 | C | F | 33 | 5 | 1986 |
| **375. Glass Dynamics** Stoneville, NC<br>Mfrs. glass for furniture industry | 903 | 8,313 | 829 | C | C | 120 | 8 | 1985 |

* A: 16% or more; B: 11% to 15%; C: 6% to 10%; D: 1% to 5%; E: Break-even; F: Loss



PHOTOGRAPH: DAVID STRICK/ONYX

INC. 500 SURVEY

# DEATH OF THE SALESMAN

*Do most businesses underrate the importance of selling and focus too much on marketing?*

ROBERT A. FRIES

MORE THAN HALF THE CEOS SURveyed lament the lowly station of sales in U.S. business. Too many companies neglect humble selling and focus instead on marketing, the respondents tell us.

"It's as if management doesn't want to get their hands dirty and get too close to the actual sale," notes Ed Schairbaum, who makes sure nothing is more important than sales at INC (#331), in Bedford, Tex., where, as he puts it, "you either sell or you help sell, or you are out."

Despite their fervor for face-to-face selling, only 15% of the CEOs who responded spend more than half their time making sales calls. Thirty-nine percent report spending less than one-tenth of their days selling. Still others claim that taking the time to make sales calls helps them stay in touch with their markets and their customers. "I learn so much from walking into someone's office just in the first five minutes, I can't afford not to," says Robert A. Fries, president of Data.Com RESULTS (#302), in Rocky Hill, Conn.

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **376. American Turnkey** Santa Ana, CA<br>Develops mgmt.-control software | 901% | $3,613 | $361 | C | F | 40 | 5 | 1985 |
| **377. Metropolitan Travel** (147) Seattle, WA<br>Provides travel svcs. | 900 | 16,664 | 1,667 | D | F | 25 | 6 | 1985 |
| **378. Information America** (229) Atlanta, GA<br>Provides on-line info. for commercial transactions | 897 | 14,168 | 1,421 | D | D | 114 | 63 | 1982 |
| **379. Smith Sheet Metal** Springfield, OR<br>Mfrs. & installs sheet-metal prods. | 896 | 1,643 | 165 | E | A | 14 | 1 | 1983 |
| **380. Papa John's International** Louisville, KY<br>Operates pizza franchises | 895 | 9,023 | 907 | C | D | 40 | 8 | 1985 |
| **381. World Express Travel** Anchorage, AK<br>Operates retail travel agency | 890 | 34,032 | 3,437 | D | D | 75 | 10 | 1984 |
| **382. NCO Financial Systems** (213) Blue Bell, PA<br>Collects delinquent accounts receivable | 886 | 2,742 | 278 | C | E | 48 | 9 | 1926 |
| **383. Flexible Business Systems** (467) Melville, NY<br>Provides computer-systs.-integration svcs. | 883 | 3,058 | 311 | D | C | 15 | 5 | 1985 |
| **384. Systems Programming** San Francisco, CA<br>Designs & does consulting for software | 883 | 10,154 | 1,033 | B | D | 76 | 10 | 1981 |
| **385. Rigging Co.** Portsmouth, RI<br>Rigs yachts | 882 | 992 | 101 | D | E | 6 | 2 | 1986 |
| **386. Computer Support of Sioux City** Sioux City, IA<br>Distr. & integrates computer periph. | 881 | 4,945 | 504 | D | C | 30 | 6 | 1985 |
| **387. Gee Kay Knit Products** Allentown, PA<br>Mfrs. cotton apparel | 880 | 3,431 | 350 | C | D | 21 | 3 | 1983 |
| **388. DCS Software & Consulting** Dallas, TX<br>Provides computer-consulting svcs. | 879 | 2,966 | 303 | F | D | 63 | 6 | 1981 |
| **389. C.H.&D. Enterprises** New Stanton, PA<br>Provides highway-contracting svcs. | 879 | 4,423 | 452 | D | C | 10 | 5 | 1984 |
| **390. Target Woodworks** Hialeah, FL<br>Mfrs. custom store fixtures | 878 | 6,417 | 656 | C | D | 80 | 25 | 1985 |
| **391. Perspect Systems** Venice, CA<br>Mfrs. systs. integrators | 872 | 2,781 | 286 | D | E | 13 | 5 | 1985 |
| **392. Jandel Scientific** (492) Corte Madera, CA<br>Mfrs. software tools for scientific research | 870 | 9,230 | 952 | F | F | 94 | 14 | 1982 |
| **393. NETLAN** New York, NY<br>Provides LAN svcs. | 870 | 6,680 | 689 | D | F | 13 | 3 | 1985 |
| **394. Information Management Associates** (355) Trumbull, CT<br>Develops & implements telemarketing software | 869 | 4,069 | 420 | D | A | 65 | 6 | 1984 |
| **395. Mark-Rite Distributing** Indianapolis, IN<br>Distr. labels | 869 | 1,860 | 192 | A | C | 13 | 5 | 1985 |
| **396. Cel Tech Communications** Hawthorne, CA<br>Distr. cellular phones | 869 | 33,967 | 3,507 | D | D | 15 | 4 | 1985 |
| **397. Stonyfield Farm** (113) Londonderry, NH<br>Mfrs. yogurt | 868 | 6,301 | 651 | F | F | 72 | 12 | 1982 |
| **398. MDM Engineering** San Clemente, CA<br>Provides engineering & tech. svcs. | 865 | 5,771 | 598 | C | C | 78 | 15 | 1984 |
| **399. Schnaubelt Shorts** (328) Coraopolis, PA<br>Designs & mfrs. bicycle clothing | 865 | 1,206 | 125 | F | A | 49 | 6 | 1983 |
| **400. Performance Engineering** Fairfax, VA<br>Engineers & develops info. systs. | 861 | 4,765 | 496 | C | C | 50 | 3 | 1985 |
| **401. Railtex** (230) San Antonio, TX<br>Manages short-line railroads | 856 | 21,358 | 2,235 | C | D | 176 | 37 | 1977 |
| **402. Quintiles Transnational** Research Triangle, NC<br>Provides health-care-consulting & -mgmt. svcs. | 855 | 17,752 | 1,859 | C | C | 250 | 35 | 1982 |
| **403. Sun Pharmaceuticals** (303) Pompano Beach, FL<br>Mfrs. & distr. skin, sun, & health-care prods. | 851 | 17,134 | 1,802 | D | A | 74 | 8 | 1981 |
| **404. Daisytek** (360) Garland, TX<br>Distr. computer supplies & accessories | 850 | 150,788 | 15,877 | D | D | 240 | 45 | 1977 |
| **405. ECI Communications** Piscataway, NJ<br>Operates audio & video contracting co. | 849 | 2,117 | 223 | A | A | 16 | 4 | 1985 |
| **406. Execu*Systems** (401) Phoenix, AZ<br>Provides real-estate-brokerage svcs. | 849 | 1,841 | 194 | C | D | 120 | 2 | 1965 |
| **407. Heritage Asset Management Group** Dallas, TX<br>Provides real-estate-mgmt. svcs. | 845 | 1,351 | 143 | B | A | 68 | 12 | 1985 |
| **408. Bohdan Associates** (491) Gaithersburg, MD<br>Sells computers | 844 | 91,371 | 9,681 | D | D | 155 | 31 | 1984 |
| **409. Digital Link** Sunnyvale, CA<br>Mfrs. & mkts. data-connectivity equip. | 844 | 8,361 | 886 | B | A | 63 | 8 | 1985 |
| **410. TME** Houston, TX<br>Develops & manages outpatient diagnostic clinics | 841 | 11,787 | 1,252 | D | C | 165 | 16 | 1983 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss



PHOTOGRAPH: GALE ZUCKER

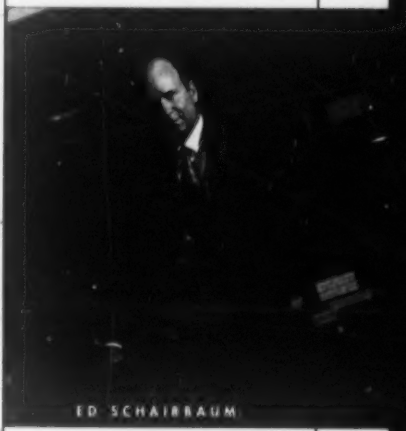
| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **411. Siciliano** Springfield, IL<br>Provides general-contracting svcs. | 840% | $6,949 | $739 | B | C | 70 | 10 | 1968 |
| **412. Cunningham Communications** Santa Clara, CA<br>Provides PR svcs. to the high-tech industry | 837 | 3,953 | 422 | D | A | 50 | 6 | 1985 |
| **413. Banyan Systems** (114) Westborough, MA<br>Mfrs. PC-based networking systs. | 829 | 98,178 | 10,566 | D | F | 595 | 111 | 1983 |
| **414. Biobottoms** (464) Petaluma, CA<br>Sells natural-fiber clothing by mail order | 827 | 13,791 | 1,488 | D | D | 100 | 12 | 1982 |
| **415. Datastore Systems** Franklin Park, IL<br>Mfrs. computer mass-storage devices | 826 | 1,842 | 199 | C | F | 7 | 3 | 1981 |
| **416. Insta-Plak** Toledo, OH<br>Mfrs. picture plaques | 825 | 1,045 | 113 | D | F | 27 | 5 | 1985 |
| **417. Catalyst** Newtown, PA<br>Provides computer-engineering svcs. | 824 | 4,455 | 482 | C | C | 60 | 7 | 1986 |
| **418. Bendco/Bending & Coiling** Pasadena, TX<br>Provides pipe-bending & -coiling svcs. | 824 | 3,400 | 368 | A | D | 52 | 12 | 1984 |
| **419. Virginia Software** Herndon, VA<br>Provides high-tech software-consulting svcs. | 823 | 1,108 | 120 | D | A | 11 | 3 | 1986 |
| **420. Metcal** (188) Menlo Park, CA<br>Develops proprietary heating technology | 822 | 12,601 | 1,366 | F | F | 110 | 35 | 1982 |
| **421. Bulk International** (220) Troy, MI<br>Sells candy, nuts, & gifts in bulk | 817 | 10,678 | 1,165 | D | F | 91 | 14 | 1983 |
| **422. Advanced Sciences** (277) Albuquerque, NM<br>Provides environ.-consulting svcs. | 816 | 38,717 | 4,227 | D | D | 422 | 96 | 1977 |
| **423. Spectrum Engineering** Baton Rouge, LA<br>Provides engineering svcs. | 816 | 9,230 | 1,008 | C | F | 165 | 30 | 1986 |
| **424. Country Originals** Jackson, MS<br>Imports & sells baskets & gifts | 814 | 1,737 | 190 | D | F | 12 | 1 | 1985 |
| **425. Communications & Systems Specialists** Columbia, MD<br>Provides real-time systs.-development svcs. | 811 | 5,113 | 561 | D | B | 44 | 8 | 1982 |
| **426. Zia Cosmetics** San Francisco, CA<br>Mfrs. & mkts. skin-care prods. | 810 | 919 | 101 | D | F | 12 | 1 | 1985 |
| **427. Modular Casework Systems** Redlands, CA<br>Mfrs. wood cabinetry | 809 | 8,282 | 911 | D | D | 90 | 39 | 1980 |
| **428. Phoenix Millwork & Manufacturing** Beaumont, TX<br>Mfrs. millwork items | 809 | 2,072 | 228 | B | C | 26 | 6 | 1985 |
| **429. Rockford** (173) Tempe, AZ<br>Mfrs. & mkts. car & home audio prods. | 807 | 50,974 | 5,622 | D | C | 550 | 117 | 1980 |
| **430. JMR Electronics** Northridge, CA<br>Mfrs. computer & disk-drive enclosures | 806 | 6,511 | 719 | D | D | 70 | 10 | 1982 |
| **431. Applied Signal Technology** Sunnyvale, CA<br>Provides signal collection & processing svcs. | 804 | 34,609 | 3,827 | C | F | 291 | 54 | 1984 |
| **432. Kaccel Communication Services** Las Vegas, NV<br>Provides underground-cable-construction svcs. | 803 | 1,174 | 130 | C | A | 24 | 3 | 1985 |
| **433. Asheboro Elastics** Asheboro, NC<br>Mfrs. knitted narrow elastic fabrics | 800 | 7,581 | 842 | B | F | 79 | 14 | 1986 |
| **434. Image Data Services** Lansing, MI<br>Provides computer-output svcs. | 800 | 1,296 | 144 | C | A | 18 | 3 | 1985 |
| **435. Cascade Pizza Development** Reno, NV<br>Operates pizza franchise | 798 | 10,842 | 1,207 | F | F | 65 | 10 | 1981 |
| **436. Lonestar Technologies** Hicksville, NY<br>Imports & distr. consumer-electronics prods. | 793 | 20,181 | 2,259 | D | F | 17 | 2 | 1985 |
| **437. Carpenter HealthCare Systs.** (209) Maryland Hgts., MO<br>Provides health-care-mgmt. svcs. | 790 | 10,289 | 1,156 | F | C | 140 | 35 | 1984 |
| **438. Benko Products** (322) Westlake, OH<br>Mfrs. elevating platforms & industrial ovens | 789 | 1,983 | 223 | C | F | 7 | 3 | 1984 |
| **439. Micro Marketing Group** Dallas, TX<br>Operates retail computer stores | 788 | 20,347 | 2,292 | D | D | 92 | 18 | 1986 |
| **440. NorthWord Press** Minocqua, WI<br>Publishes nature books & audiotapes | 787 | 3,574 | 403 | E | C | 18 | 3 | 1984 |
| **441. Carolina FireMasters** Bennettsville, SC<br>Distr. fire apparatus | 785 | 9,155 | 1,034 | D | F | 21 | 11 | 1986 |
| **442. R.M. Barton** Oklahoma City, OK<br>Mfrs. pavement-maintenance machines | 784 | 2,095 | 237 | C | A | 35 | 1 | 1985 |
| **443. Penn Property & Casualty** (387) Lemoyne, PA<br>Provides insurance & bond brokering | 784 | 2,527 | 286 | D | E | 10 | 2 | 1985 |
| **444. Complete Business Solutions** (57) Farmington Hills, MI<br>Provides computer consulting & related svcs. | 782 | 19,400 | 2,200 | D | C | 320 | 40 | 1985 |
| **445. Gainey Transportation Services** (96) Grand Rapids, MI<br>Provides trucking svcs. | 782 | 28,096 | 3,187 | D | C | 305 | 42 | 1984 |

* A. 16% or more; B. 11% to 15%; C. 6% to 10%; D. 1% to 5%; E. Break-even; F. Loss

INC. 500 SURVEY

## NIGHT SWEATS

*What's the one problem that has caused you to lose the most sleep?*



ED SCHAIRBAUM

"CASH FLOW, HANDS DOWN, without a doubt," says Ed Schairbaum of TNG (#331), in Bedford, Tex. Meeting payroll wins a landslide victory in the "toss-and-turn" category, competitive though it is, with managing people coming in a close second. The insomniac's hit parade follows:

Cash flow, 31%; personnel, 27%; financing, 8%; containing growth, 4%; government regulation, 3%.

Of course, there are additional worries about continued growth, vendors, partners, sales, the recession, and failure. "It's never-ending." Schairbaum notes. A few even tell us it's the sheer thrill of running a business that keeps them up at 3 a.m. "Excitement!" cries Chad Olson of Pro Image (#160), in Bountiful, Utah. "Sometimes I get up in the middle of the night and go back to work because I'm just so *excited*."

PHOTOGRAPH: HENRY SACK

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **446. Software Productivity Solutions** Indialantic, FL<br>Researches & develops computer software tools | 777% | $2,132 | $243 | D | F | 31 | 7 | 1984 |
| **447. General Transportation Services** (407) Liverpool, NY<br>Provides transportation & delivery svcs. | 775 | 7,678 | 877 | E | C | 221 | 47 | 1983 |
| **448. NYMA** (29) Greenbelt, MD<br>Integrates computer hardware & software | 774 | 34,305 | 3,927 | D | D | 400 | 100 | 1978 |
| **449. American Business Technologies** Houston, TX<br>Provides computer-maintenance & -support svcs. | 771 | 2,455 | 282 | C | B | 38 | 5 | 1984 |
| **450. BASIS International** (458) Albuquerque, NM<br>Develops computer software & database systs. | 771 | 5,284 | 607 | D | F | 43 | 7 | 1985 |
| **451. LeaseTek** Pittsburgh, PA<br>Develops & sells PC-based software | 768 | 1,033 | 119 | C | B | 15 | 3 | 1982 |
| **452. Mobile Technology** (169) Los Angeles, CA<br>Provides medical, diagnostic, & treatment svcs. | 768 | 87,924 | 10,131 | F | D | 465 | 68 | 1983 |
| **453. Grizzly's Gifts** Anchorage, AK<br>Sells souvenirs & gifts | 768 | 2,672 | 308 | A | A | 18 | 2 | 1985 |
| **454. Lai, Venuti & Lai** Santa Clara, CA<br>Provides advertising & PR svcs. | 766 | 1,187 | 137 | C | A | 9 | 3 | 1986 |
| **455. Data Sciences** Roseville, MN<br>Mfrs. physiological-telemetry equip. | 766 | 1,507 | 174 | D | F | 25 | 10 | 1983 |
| **456. Industrious Software Solutions** Inglewood, CA<br>Develops & distr. software | 766 | 2,191 | 253 | C | A | 24 | 1 | 1984 |
| **457. Nutech Laundry & Textiles** Hyattsville, MD<br>Mfrs. hotel laundry-mgmt. systs. | 762 | 2,181 | 253 | E | F | 110 | 15 | 1984 |
| **458. Artistic Impressions** Lombard, IL<br>Sells artwork | 762 | 8,102 | 708 | C | F | 35 | 4 | 1985 |
| **459. Consolidated Engineers** West Lawn, PA<br>Provides engineering-consulting svcs. | 760 | 1,341 | 156 | F | F | 16 | 6 | 1986 |
| **460. Key Risk Management Services** Greensboro, NC<br>Administers employee-benefits plans | 759 | 2,458 | 286 | D | F | 54 | 6 | 1986 |
| **461. Small Systems Management** Wilmington, DE<br>Sells & svcs. PCs | 758 | 884 | 103 | C | F | 5 | 2 | 1985 |
| **462. Mischel's** Scottsdale, AZ<br>Constructs & manages motels | 757 | 3,341 | 390 | A | B | 115 | 22 | 1970 |
| **463. Metters Industries** (127) McLean, VA<br>Provides engineering & tech.-support svcs. | 756 | 19,572 | 2,287 | D | D | 320 | 37 | 1981 |
| **464. LANDCADD** Franktown, CO<br>Designs & sells land-planning software | 755 | 1,180 | 138 | C | B | 16 | 2 | 1985 |
| **465. Journal of Light Construction** (478) Richmond, VT<br>Publishes construction trade magazine | 754 | 2,442 | 286 | F | F | 26 | 6 | 1982 |
| **466. Amstaff** Novi, MI<br>Provides human-resources-mgmt. svcs. | 753 | 7,040 | 825 | C | D | 30 | 5 | 1985 |
| **467. Schiff & Associates** Bosttop, TX<br>Provides engineering-consulting svcs. | 752 | 1,662 | 195 | C | F | 22 | 4 | 1982 |
| **468. Database Marketing** Burlington, MA<br>Provides direct-mktg. svcs. | 752 | 7,687 | 902 | D | A | 95 | 2 | 1986 |
| **469. Focused Image** Alexandria, VA<br>Provides visual-communications svcs. | 751 | 911 | 107 | F | D | 6 | 1 | 1986 |
| **470. Greg Allens'** Jacksonville, FL<br>Sells computer forms & supplies | 748 | 1,671 | 197 | F | A | 10 | 4 | 1986 |
| **471. Tabra** (440) Novato, CA<br>Designs & mfrs. handcrafted jewelry | 748 | 3,791 | 447 | C | B | 70 | 12 | 1982 |
| **472. ERM Northeast** Woodbury, NY<br>Provides environ.-consulting svcs. | 747 | 11,435 | 1,350 | C | C | 90 | 29 | 1980 |
| **473. Pride Health Care** Pittston, PA<br>Mfrs. electric wheelchairs & scooters | 746 | 17,129 | 2,025 | D | E | 105 | 22 | 1986 |
| **474. Binary Arts** Alexandria, VA<br>Mfrs. & imports puzzles & games | 744 | 1,080 | 128 | C | F | 3 | 2 | 1985 |
| **475. Duplitron** Orange, NJ<br>Sells & svcs. Panasonic office equip. | 743 | 5,572 | 661 | D | F | 81 | 13 | 1986 |
| **476. Marine Shale Processors** (121) St. Rose, LA<br>Recycles hazardous waste | 741 | 46,028 | 5,474 | C | F | 320 | 92 | 1984 |
| **477. Calidad Electronics** (369) Edinburg, TX<br>Assembles contract electronics | 740 | 6,571 | 782 | D | D | 345 | 65 | 1985 |
| **478. Securities Service Network** (346) Knoxville, TN<br>Provides brokerage svcs. | 739 | 3,030 | 361 | D | D | 61 | 9 | 1983 |
| **479. Party Planners West** Marina Del Rey, CA<br>Provides corporate-events planning & mgmt. | 737 | 6,865 | 820 | D | F | 30 | 4 | 1980 |
| **480. Harmony Schools** (453) Princeton, NJ<br>Operates day-care centers | 736 | 2,433 | 291 | D | F | 105 | 20 | 1980 |

* A: 16% or more; B: 11% to 15%; C: 6% to 10%; D: 1% to 5%; E: Break even; F: Loss

INC. 500 SURVEY

## TOP DOLLARS

*Are big-company executives overpaid?*

GORDON DICKENS

ALTHOUGH 38% OF INC. 500 CEOs say big-company executives are indeed overpaid, nearly half argue that the titans with the trophy take-homes get what they deserve. "They're not overpaid," asserts Gordon Dickens of Dickens Data Systems (#90), in Norcross, Ga., "if their companies are stupid enough to pay them that much and they're smart enough to get it."

While many had qualms about jumbo pay for executives—"I'd be ashamed to cash the checks some of those guys take home," says Robert Kelliher, CEO of MRI Manufacturing and Research (#242), in Tucson, Ariz.—four out of five object to compensation caps. Let the boards, the shareholders, and the CEOs' performance determine pay, they say. Opinions are mixed when it comes to egalitarian formulas that set a CEO's salary as a fixed multiple of workers' wages. Thirty-seven percent favor a ratio; 43% oppose it. "Sounds too communistic," says Bruce James of Barclays Law Publishers (#234), in South San Francisco.

PHOTOGRAPH: LYNNE SILER

| Company (1990 rank) Business description | Sales growth 1986-90 % increase | '90 sales ($000) | '86 sales ($000) | Profit range* '90 | Profit range* '86 | No. of employees '90 | No. of employees '86 | Date founded |
|---|---|---|---|---|---|---|---|---|
| **481. Suntex** Fishers, IN<br>Sells printed & embroidered sportswear | 733% | $2,223 | $267 | D | F | 28 | 4 | 1986 |
| **482. Princeton Review of Orange County** Irvine, CA<br>Provides standardized-testing-review svcs. | 730 | 1,013 | 122 | B | D | 4 | 1 | 1985 |
| **483. Kingdom Tapes** (393) Mansfield, PA<br>Sells audiotapes & videotapes | 730 | 5,553 | 669 | C | C | 60 | 10 | 1980 |
| **484. Intelligent Controls** Novi, MI<br>Provides engine-engineering svcs. | 725 | 8,358 | 1,013 | D | F | 120 | 15 | 1982 |
| **485. Stone County Ironworks** (252) Mountain View, AR<br>Mfrs. iron prods. | 725 | 3,233 | 392 | D | C | 91 | 15 | 1979 |
| **486. Royce Homes** Houston, TX<br>Provides home-building svcs. | 724 | 42,263 | 5,132 | D | D | 68 | 8 | 1984 |
| **487. Green Thumb Enterprises** (477) Sterling, VA<br>Provides landscape-contracting svcs. | 719 | 13,021 | 1,589 | F | C | 230 | 95 | 1982 |
| **488. Bike Pro USA** Phoenix, AZ<br>Mfrs. packs & bags for bicycles | 719 | 844 | 103 | F | F | 24 | 5 | 1985 |
| **489. SoftCopy** (222) Lindon, UT<br>Duplicates, assembles, & ships software | 719 | 105,051 | 12,821 | A | A | 700 | 60 | 1984 |
| **490. Milo Technologies** Tucson, AZ<br>Provides electrical-contract-mfg. svcs. | 718 | 2,897 | 354 | D | D | 124 | 13 | 1983 |
| **491. MIACO** (314) Englewood, CO<br>Provides software consulting & training svcs. | 718 | 2,324 | 284 | B | C | 29 | 5 | 1985 |
| **492. Diversified Technology** (130) Newport News, VA<br>Provides govt.-contracting svcs. | 717 | 3,490 | 427 | D | F | 137 | 50 | 1982 |
| **493. Champion Mortgage** (394) Parsippany, NJ<br>Provides mortgage-banking svcs. | 717 | 18,682 | 2,286 | A | A | 133 | 25 | 1981 |
| **494. Complete Health Services** Birmingham, AL<br>Provides health-care-mgmt. svcs. | 716 | 158,735 | 19,443 | D | F | 383 | 40 | 1985 |
| **495. Canvasbacks** Milwaukee, WI<br>Mfrs. women's sportswear | 714 | 3,493 | 429 | A | D | 35 | 8 | 1978 |
| **496. COMSYS Technical Services** (134) Rockville, MD<br>Provides software-programming & -engineering svcs. | 713 | 27,019 | 3,323 | D | D | 403 | 70 | 1979 |
| **497. Dialogic Communications** (263) Franklin, TN<br>Mfrs. interactive voice-response systs. | 709 | 2,630 | 325 | C | F | 22 | 14 | 1982 |
| **498. Medical Advances** Wauwatosa, WI<br>Mfrs. medical-electronics prods. | 708 | 5,243 | 649 | A | D | 41 | 8 | 1985 |
| **499. B.K. Phillips Construction** Terre Haute, IN<br>Provides general-contracting svcs. | 706 | 4,028 | 500 | D | D | 10 | 1 | 1986 |
| **500. National Catastrophe Adjusters** Indianapolis, IN<br>Provides catastrophic-insurance-adjusting svcs. | 703 | 1,365 | 170 | D | F | 31 | 3 | 1984 |

* A: 16% or more. B: 11% to 15%. C: 6% to 10%. D: 1% to 5%. E: Break even. F: Loss

## How the Inc. 500 Are Selected

THIS YEAR'S INC. 500 WERE SELECTED FROM MORE than 21,000 candidates. To be eligible, a company had to be independent and privately held; had to show at least $100,000 in sales, but no more than $25 million in sales for 1986; and had to show a sales increase between 1989 and 1990. Regulated banks and utilities were not eligible. Information was verified using tax forms and confirmation letters from certified public accountants, and by conducting telephone interviews with company officials. The final ranking is a function of revenue growth over a five-year period.

*The people responsible for this year's* Inc. *500 are (in above photo, standing, from left to right): interns Jesseca Timmons, a senior at Bates College; Josh Penn, a sophomore at the University of Pennsylvania; Dan McGinn, a senior at Boston College; Emily Case, a sophomore at Vassar College; Ty Jagerson, a senior at Wesleyan University; Samantha Corbin, a sophomore at Wesleyan University; Matt Haggman, a junior at Tulane University; (seated, left to right) Caty Supper, a 1991 graduate of Bowdoin College; Annie Longsworth, a senior at the College of Wooster; special-projects editor Sara Baer-Sinnott; interns Elise Reveno, a 1991 graduate of Franklin and Marshall; and Christina Ip, a senior at Wellesley College.*

*The 1991* Inc. *500 list was prepared under the direction of Sara Baer-Sinnott, with help from Caty Supper. Staff writer Anne Murphy wrote the commentary that accompanies the listings.*

INC. 500 SURVEY

## Doing the Right Thing

*Are you getting tired of being told your business has to be more socially conscious?*

MARBETH SHAY

SEVENTY-TWO PERCENT OF INC. 500 CEOs assert that businesses have a strong obligation to be socially conscious. It is not enough for businesses simply to pay their taxes and create jobs and wealth. Companies should "give something back," we're told.

While some are inspired by the social activism of companies such as Ben & Jerry's or the Body Shop—Peter Saloom, founder of Saloom Furniture (#272), in Gardner, Mass., feels a "certain kinship with those hippie ice-cream guys"—others find it divisive. "It can just get in the way of business," says Marbeth Shay, president of East Coast Computer Systems (#366), in Tinton Falls, N.J. "I wonder, do I have the right to impose my biases and my politics on our organization or our employees?"

A few are openly critical. Thomas Barnard of Signature Graphics (#320), in Porter, Ind., resents the moralism the two guys from Vermont serve up with their marketing. "I'm sick of Ben & Jerry's," he says.

PHOTOGRAPHS: KATHY TARANTOLA (LEFT); CHRISS WADE (TOP)

# HOT MARKETS

LESSONS FROM THE INC. 500 LIST

## Guess which industry offers the best entrepreneurial opportunities in America. Still

BY JOHN CASE

HOW MANY TIMES IN RECENT YEARS has the press proclaimed the end of the computer industry's go-go era? Way back in 1983 *Business Week* told us that IBM and a few other giants would be dominating personal-computer manufacturing—no openings for new companies there. And just a couple of months ago the *Wall Street Journal* announced that the software business was consolidating. "I don't see major opportunities" for start-ups, one expert said. The refrain is familiar. Growth in computers is slowing. Smaller companies are being squeezed out. Entrepreneurship? Forget it.

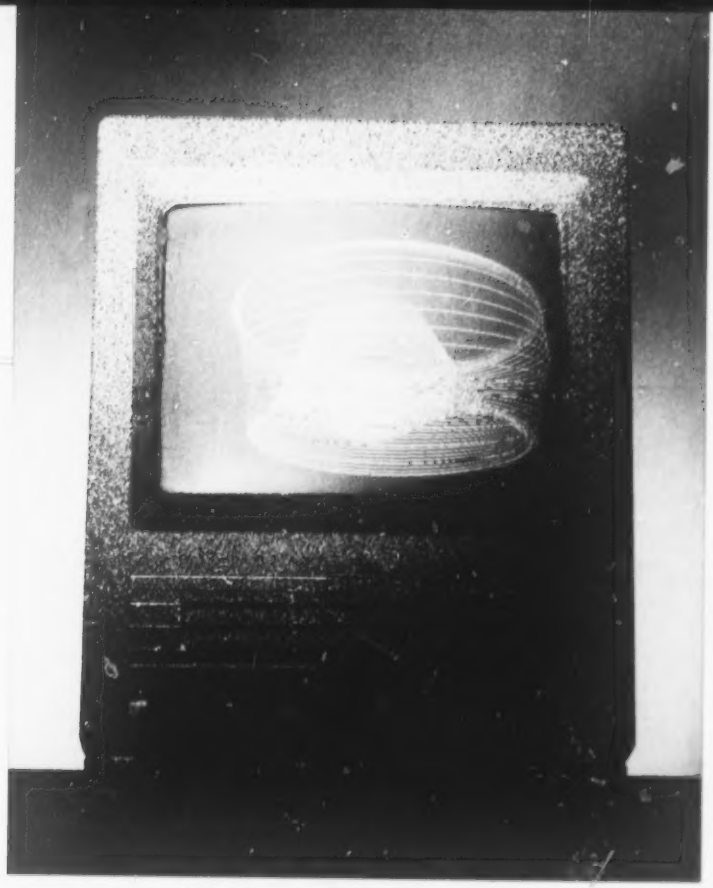
And yet every year more than one-quarter of the *Inc.* 500, the fastest-growing privately held companies in the United States, turn out to be in the business of providing the hardware, software, systems, technical expertise, and everything else required for the computerization of the world's homes and workplaces. Year in and year out, company builders seem to find in computers widening niches that others have somehow overlooked, and they create businesses that can hardly keep up with demand. Admittedly, the companies on the *Inc.* 500, which by definition are at least five years old, aren't last week's start-ups. Even so, the fact that so many young enterprises keep growing suggests that there's more to the business than meets the media's jaundiced eye.

The 135 computer-related companies on this year's list are sprinkled all over the industry's map. A few, like top-ranked Gateway 2000, make PCs. Another dozen or so manufacture components and peripherals—circuit boards, cables, networking devices, add-on memory. There are retailers and distributors, systems integrators, consultants and trainers, maintenance-and-repair specialists. And oh, yes—there are software developers. Numbering about 50 (thus accounting for one-tenth of the list all by themselves), the software companies provide programs for supermarkets and science labs, for logistics specialists and land planners, for UNIX users and Macintosh mavens and DEC devotees. The aptly named Incredible Technologies (#64) even designed the software for Chicago's BattleTech Center, a futuristic dream world that lets adolescents (of all ages) enter a Star Wars–like battlefield and blast away at opposing players.

Like the rest of the 500, the computer-related companies on the list have experienced blistering growth. American Megatrends (#2), a manufacturer of the printed circuits known as motherboards, zipped from less than $200,000 in 1986 sales to nearly $45 million in sales last year. Liuski International (#345), a distributor of PCs and components, ballooned from $12 million to almost $130 million. Even the most modest ventures have undergone a sometimes-bewildering expansion. Small Systems Management (#461), a maintenance and sales company started in 1985 by two young men right out of college, had revenues that rose more than eightfold between 1986 and 1990.

How can such growth coexist with the corporate power and consolidation tracked by the pundits? News reports on the industry naturally focus on its biggest, most visible players—IBM and Compaq's joint 23% share of PC manufacturing in the United States, for example, or Microsoft's 32% share of the world software market. Were computers a traditional mass-production business, those shares would probably grow, and smaller players would find themselves relegated to the sidelines or the grandstand. But computers aren't like cars; their value derives not just from mass production but from customized configurations of hardware and software. Small companies with specialized, close-to-the-customer knowledge can thus create their own growing markets, well away from those dominated by the giants.

In PC manufacturing, for example, booming upstarts such as Gateway skirt the shadows of IBM and Compaq by targeting knowledgeable, price-sensitive buyers. (See "Betting the Farm," page 36.) Even smaller manufacturers such as Daniel Armbrust's Softworks Development (#29) can carve out rapidly growing segments of the market simply by serving particular sets of customers. Armbrust sells his Citus line of IBM clones to customers such as a nearby value-added reseller who provides turnkey systems to hospitals. Softworks' competitive edge: the ability to provide buyers with the exact configurations they need, within 48 hours if necessary, and at a price lower than that of any big national marketer.



In software, too, specialized knowledge and service frequently count for more than sheer size. Lori Swearingson's Job Boss Software (#336) sells a proprietary program for quoting, job tracking, and accounting to job-shop manufacturers all over the country. That's a market, says Swearingson, that large producers of manufacturing-management software haven't had much luck in; their programs are all designed for bigger operations. Roger Nelson's System Innovators (#182) provides specialized cashiering programs to utilities, government tax-collection agencies, and other customers that must collect previously generated bills. "It's a different kind of transaction than retail," says Nelson, explaining that his system tracks items such as late payments and delinquent charges. Yet most large-scale cashiering systems are designed for conventional retail applications.

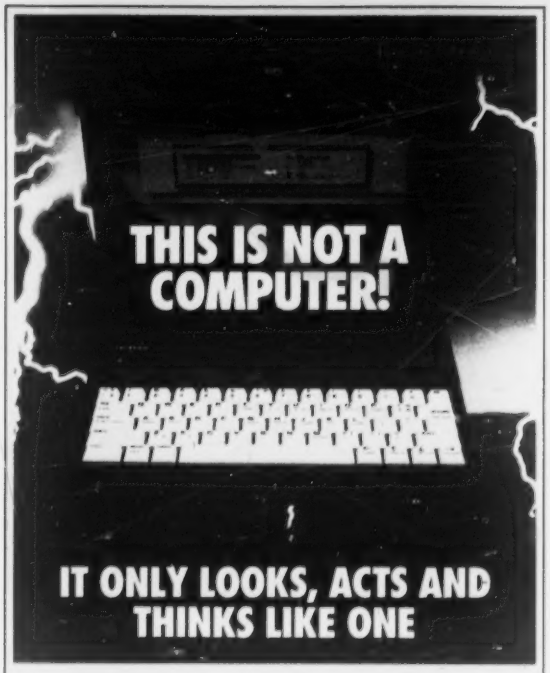
Maybe, of course, it's only a matter of time before the Microsofts of the world snap up or shove aside these niche marketers. Even so, the computer industry as a whole won't be any less entrepreneurial, simply because it's so far away from maturity. Computers aren't like TV sets, which zipped from first use to near-saturation in a decade or two. Rather, the process of computerization is like the process of electrification, which took decades to reach any kind of maturity. Not until the mid 1930s—half a century after the first generating stations—did even two-thirds of American homes have electricity. And how long must it have been before companies were created to, say, manufacture patio lighting or install electric air conditioners?

Today more than one-third of small businesses still don't have personal computers. Neither do the millions of households that may someday want one. So purveyors of home and small-office software, such as Intuit (#47), still have a huge untapped market. Then, too, the hundreds of nooks and crannies that characterize fully mature marketplaces—those air-conditioner installers and patio-lighting manufacturers—have only begun to open up. Consider a trio of examples from this year's 500:

• InfoSource (#268), founded in 1983 by Michael Werner and Thomas Warrner, began its corporate life as a run-of-the-mill computer-training firm: the founders traveled all over the country giving workshops and seminars. But why couldn't training be done on the machine itself? It was an interactive apparatus, after all, and from a customer's perspective, computer-based training would be easier and cheaper than daylong seminars. Intrigued, the founders began developing disk-based tutorials for hot-selling programs such as Lotus 1-2-3. Today the company has about 20 products, some 60,000 customers, and little across-the-board competition. "There's no 'name' company in the business," says Werner. Then too, InfoSource provides a service that the big software developers would just as soon forgo. "There's such a rush in the software business to get new products out," Werner explains; no company wants to take the time to prepare a tutorial.

• Impact Printhead Services (#87) started out as a general computer-repair company; founder David Gillett repaired the occasional dot-matrix printhead, along with disk drives and monitors. Then Gillett developed an add-on component for the Macintosh that he tried to market nationally. He found no takers. But the dealers he mailed to did respond to a little notice at the bottom of the brochure mentioning that Gillett's company also refurbished dot-matrix printheads. Today the Mac product is dead and general repair a thing of the past: Impact will do an estimated $7.5 million this year solely as a remanufacturer of dot-matrix printheads. Among its clients are Ford Aerospace, Lockheed, and several third-party repair companies

PHOTOGRAPHS: PATRICA MCDONOUGH

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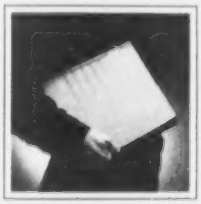

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responsible for maintaining corporate America's computing systems.

• Sean Repko, founder of Exsel (#298), wanted to sell used computers, but not the same way the dozens of tiny exchange services springing up around the country did. On the contrary: he would buy in large lots, remanufacture the computers and issue new warranties for them, then sell through the mail at prices no new-computer dealer could hope to match. Then, just this year, IBM announced the computer industry's first trade-in program: like auto buyers, customers can bring in their old machines and walk away with new ones. And who will be refurbishing and reselling the old computers? "We just signed a national agreement with IBM," crows Repko. "Its 3,000 retailers out there? All their used equipment will be picked up and sold by Exsel."

What's striking about the computer business is how easy the *Inc.* 500 entrepreneurs found it to enter—and how many opportunities for growth presented themselves along the way. Marc Greenberg and Geoffrey Snelling of Small Systems Management started with $920 and little business experience; their chief asset was a willingness to listen to (and learn how to solve) the variety of computer problems their small-business customers encountered. Daniel Armbrust of Softworks Development was a college dropout with $600 in his pocket when he set up shop. Gregory Jameson, founder of LANDCADD (#464), was pursuing a professional career as a landscape architect and developed his land-planning program in his spare time.

Despite such beginnings, many of the young companies have expanded overseas. LANDCADD, for example, expects to collect more than one-third of its revenues this year from foreign sales. And several of the companies have moved almost effortlessly from one product to another. Armbrust began in software, as his company's name suggests. But when his cash flow began to dry up, he segued smoothly into hardware manufacturing. Incredible Technologies, the software company, started out in home video games, won the contract to develop BattleTech Center, and moved into the development and manufacturing of coin-operated video games—now,

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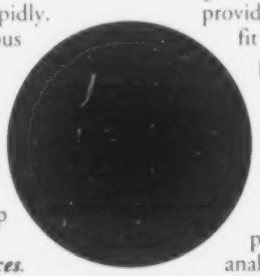
it's creating computerized point-of-purchase displays for the likes of USG, the building-materials giant. "We're going to keep advancing our technology," says founder Elaine Ditton. "I see us continuing to grow."

Maybe someday all this growth will truly slow down: the industry really will mature and consolidate, and computer-related companies will be overrepresented on the *Fortune* 500, not the *Inc.* 500. That day, however, isn't right around the corner. For at least the next couple of decades, entrepreneurs who are looking for fast growth will still be placing plenty of bets on the not-yet-moribund computer business. ❑

## PSST! OVER HERE

*The industries that growth companies love*

The quickest route to membership in the *Inc.* 500? Build your company in an industry that itself is booming—an industry where no one loses sleep over market share, because the market as a whole is expanding so rapidly. Computers are the obvious case in point. (See "Hot Markets.") But several other industries also have proved to be engines of growth over the past half-decade, as evidenced by the makeup of this year's 500:



***Environmental services.*** From Delta Environmental Consultants (#19) to Marine Shale Processors (#476), some 30 companies make their living in environmental analysis, hazardous-waste removal, and a half-dozen other businesses spawned by modern ecological rules and procedures. Niches you didn't know existed: Environmental Remediation (#370) is the United States' largest supplier of the bacteria used in waste-water treatment plants. Growing and selling the bugs accounted for 40% of the company's $12.8 million in fiscal year 1991 sales.

***Health care.*** New technologies offer opportunities for growing businesses: just ask $36-million Maxum Health (#25), which provides magnetic resonance imaging, CAT scans, and renal lithotripsy (dissolving kidney stones with radiation) in 21 states. But the United States' voracious health-care marketplace also creates niches for companies such as PPOM (#154), a network of health providers that promises to cut insurers' costs, and American Biodyne (#349), which operates managed-care mental-health programs. All told, 28 of this year's 500 are in health-related fields.

***Personnel management.*** About a dozen *Inc.* 500 companies are in this narrow but blossoming business: temporary-help agencies, employee-leasing companies, payroll-services providers, and so on. First Benefit (#255) administers employee-benefit plans. Amstaff (#466) operates as an off-site personnel department. Unlike in the past, temp agencies don't just provide secretaries and hourly workers: Lab Support (#62) can send over analytical chemists, molecular biologists, and dozens of other highly skilled professionals for temporary work.

***Other business services.*** The 120 companies on this year's list are hard to classify—but overall employment in business services nearly doubled during the 1980s, a sure sign of a booming market. *Inc.* readers looking for vendors among this year's 500 would find public-relations agencies and printers, consultants and cleaning services, day-care centers and direct-mail experts, travel agencies and time-management specialists. Creative Marketing Incentives (#191) will organize a board of directors meeting or any other event your company might want to sponsor. Insta-Plak (#416) will commemorate the event with photographic plaques made on the spot.

To be sure, not every hot market will show up in the stats. Nature's Recipe Pet Foods (#170) began operations 10 years ago with an original line of meat-and-rice dog foods. Now, says founder Jeffrey Bennett, it has 13 or 14 competitors. Who knows? Maybe a couple will make 500s of the future.

LESSONS FROM THE INC. 500 LIST

# GROWTH STRATEGIES

**The fastest-growing companies don't just exploit their niches—they redefine their industries. Here's how**

BY BRUCE G. POSNER

## *Finding the High-Stakes Customer*

ALLSUP • BELLEVILLE, ILL.
#333

AFTER QUITTING HIS JOB WITH THE SOCIAL Security Administration, in 1982, Jim Allsup spent more than a year studying how disability claims were mishandled. Then he started a business that helps insurers and employers—institutions with gigantic stakes in the outcome—obtain proper benefits for employees. With the company's guidance, clients get to reduce their private insurance premiums or self-insured payments significantly.

One thing that's enabled the company to grow to $3.7 million in eight years is its compensation strategy. Rather than receiving straight salaries, claims people get incentives based on the number of cases they're able to resolve and the size of the settlements. A typical case might save a company $100,000 in benefits over 13 years. Allsup is preparing to introduce some new products, such as health- and retirement-benefits administration programs. Instead of selling to consumers, it will target institutions like banks, enabling them to form stronger ties with their customers.

## *Vertically Integrating Service*

BENDCO/BENDING AND COILING • PASADENA, TEX.
#418

TO SAY THAT BENDCO IS IN THE METAL-BENDING business is to offer only the faintest outline of what it does. This seven-year-old company functions more like a design consultant to customers in the chemical, refining, and construction fields. Staffed by highly skilled metalworkers, many of whom worked for a now-defunct division of Armco Steel, Bendco helps customers map out the best configuration of pipes and beams to meet their requirements in safety, cost, or design.

Bendco's early focus was on Houston-area petrochemical and oil refiners, to whom founder Jim Friery pitched the safety and cost benefits of bending versus welding. Even when purchase orders seemed unlikely, Friery notes, "we'd visit their plants and offer design suggestions at no charge." Prospective customers have always been encouraged to visit the company's facility to discuss future projects.

"We love to show off," Friery concedes. Each of Bendco's 10 machine operators, for example, is certified to work in several different kinds of metals. Most have certification as independent inspectors as well. Too much training? Not as far as Friery is concerned. "We think it helps people do a better-quality job, and it gives our customers a feeling of confidence." As Bendco attempts to do more business internationally, Friery thinks the investment will pay off.

## *Tightly Controlling Quality and Image*

PLEASANT CO. • MIDDLETON, WIS.
#69

AT A TIME WHEN LOTS OF COMPANIES ARE OUT THERE slashing overhead and farming out everything they can, Pleasant Rowland has attempted to keep as much of the work as possible in-house. Pleasant Co. produces and sells a line of high-end books, dolls, toys, and clothing aimed at girls between 7 and 11. The lengths it goes to maintain the integrity of its products and service are extraordinary. Rowland launched her company five years ago less as a profit-driven enterprise than as a vehicle for teaching girls about U.S. history. She began with three fictional characters from different historical periods and has recently added a fourth. Each is brought to life by a doll, priced at around $80; period artifacts, which run as high as $175; and six books about the heroine's adventures.

A former elementary-school teacher, Rowland oversees product development, working closely with company-employed historians and advisers. The dolls and accessories are manufactured on the outside to Rowland's finicky specifications, but they're sold exclusively through the com-

PHOTOGRAPHS: CHRIS HARTLOVE

pany's own catalog, which is mailed to 16 million households; only the books are available in stores. To ensure that phone agents represent the company and its products properly, Pleasant Co. uses its own people; customer reps receive two weeks of special training before taking their first order. The company, which sold $44.3 million in products in 1990 and is aiming to finish this year at $70 million, has received numerous offers from bigger companies for licenses to its characters. But despite these opportunities, it's not the direction Rowland wants to go. "We're trying *not* to be a fad," she says. "I'd rather have a business that's deep and narrow than shallow and wide."

## *Becoming Consultants, Not Just Technicians*

AMERICAN TELECONFERENCING SERVICES
OVERLAND PARK, KANS.
#157

NOWADAYS, IT'S NOT THAT DIFFICULT TO LINK UP A FEW dozen telephones scattered around the globe. "In some respects," admits Robert Cowan, founder and CEO of American Teleconferencing, "the technology of teleconferencing is simple." So what enables Cowan's seven-year-old company to stand out from competitors, such as AT&T, which offer the same basic capabilities? To a large extent, it all boils down to the level of service.

American Teleconferencing specializes in managing large-scale teleconferences in which there might be as many as 400 or 500 people on the line at once. But it acts more like a consultant than a technician. On the front end, for instance, it works closely with company managers on how the conferences might be best formatted to accomplish a client's goals. And it goes out of its way to make sure the client's expectations are met. If participants need printed material in advance, for example, American Teleconferencing will do the faxing. If people get cut off, the in-house operators pull them back in. The company will even provide a taped summary for people who couldn't make it to a call. You might say the company does everything but serve coffee and doughnuts.

American Teleconferencing markets its services at large corporations with 20 or more locations. Many of its clients, such as Charles Schwab & Co., the discount brokerage firm, use conferencing almost daily. In an effort to become more valuable to clients, Cowan and other managers visit clients at least twice a year to learn about the direction of the business and where audio or video conferences might provide value. "The more we can help them," says Cowan, "the better it is for us."

## *Solving the Problem, Then Selling the Solution*

SEABOARD MECHANICAL • RICHMOND, VA.
#221

THE YELLOW PAGES IN MOST TOWNS HAVE LONG lists of heating, ventilation, and air-conditioning (HVAC) contractors who can fix broken systems and install new ones. But few independent contractors have the engineering know-how to suggest the most effective way to solve complex heating or cooling problems. Nor can they structure the financing. Seaboard Mechanical, with five offices in Virginia and North Carolina, can do both. It's been selling the engineering end of its capability since founder Greg Skillman and engineer Gary McSherry

merged their two businesses, five years ago.

Indeed, Skillman notes, a growing percentage of the company's business comes from energy-management contracts, in which Seaboard can pinpoint and quantify opportunities to save energy dollars throughout a plant or office. In some instances Seaboard has developed ways of upgrading HVAC systems at no new cost to the user. How? By using the savings on energy bills to pay for the new equipment.

"We'll either find outside investors or finance the new equipment ourselves," Skillman says. In the latter case, after the new system is in place, the customer and Seaboard share in the energy savings until the equipment is paid for.

***Working Both Ends of the Market***

**NUTECH LAUNDRY AND TEXTILES**
**HYATTSVILLE, MD.**
**#457**

UNLESS YOU OWN A BIG HOTEL, YOU probably don't have a clue about how much it actually costs to keep the sheets and towels clean and the linen

closets properly stocked. But everything Jack Robinson learned as a consultant to the hotel industry indicated that it was a line item that was both large and growing out of control.

An accountant by training, Robinson figured that large hotels, in particular, would pay significant sums of money to anyone who could help them get a grip on their huge linen bills. The growth of Nutech Laundry and Textiles to $2.2 million over the past five years is evidence that he may be onto something.

Nutech developed a system—built on computers and proprietary software—that monitors and organizes the laundering process. "We've taken the guesswork out of the process," says Robinson. "And because there's less linen handling in our approach, we've greatly improved the productivity of hotel housekeeping staffs."

To date Nutech has focused on hotels in the Washington, D.C., area, where it operates a 28,000-square-foot laundry facility. At one large Hilton, Robinson says, the savings surpassed $300,000 in the first year. But soon Nutech will be jumping into other markets. Robinson is planning his attack on two fronts: Rather than owning facilities, he'll enter into partnerships with both laundries and hotels. With hotels, he says, "we'll lease them computers and teach them how to run things better." With laundries, he'll do that plus assist them with marketing. As part of the deal, Nutech aims to tap into the money its partners save.

Competition doesn't concern Robinson. "If we did 1% of the hotels in the United States," he says, "we'd have more business than we could handle." ⌟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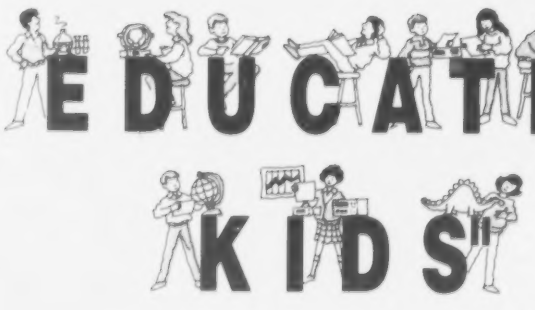


LESSONS FROM THE LIST — INC. 500

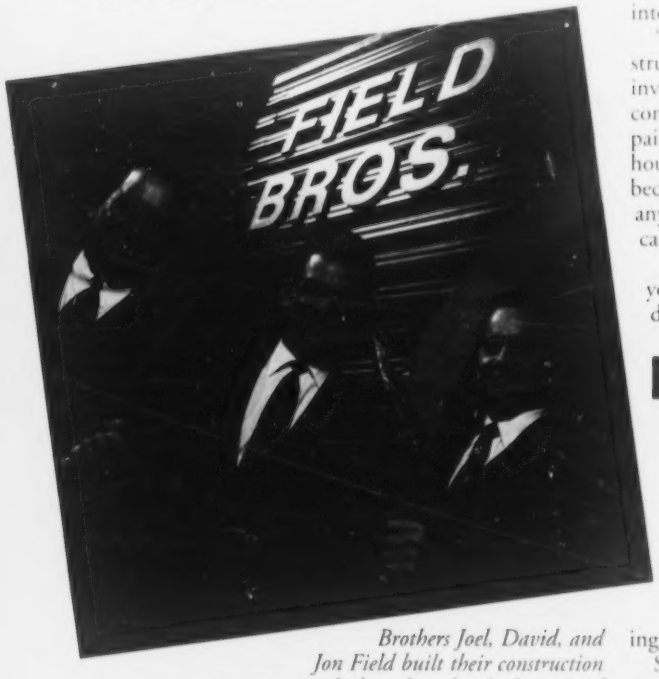
# THE FOUNDERS

**What sorts of people launch growth companies, anyway? And why?**

BY LESLIE BROKAW

SOME LEFT BIG-COMPANY JOBS; MANY never had them. Some always planned to start a business; others never dreamed their hobbies might become vocations. The founders of *Inc.* 500 businesses sometimes appear driven to company building by as many different motives as there are names on the list. But the truth, we insist, is otherwise. Look closely, listen hard, and patterns emerge from the sewing-bee quilt of entrepreneurial impulses. Types appear. Ask founders What Made Them Do It, and some reasons just keep coming up.

Here are a few of them.




*Brothers Joel, David, and Jon Field built their construction company with the values that had sustained their family's farm.*

PHOTOGRAPH: TED RICE

## *The 'Working for Ourselves Was Obvious' Naturals*

JOEL, JON, AND DAVID FIELD: #131
FIELD BROTHERS CONSTRUCTION, MARION, OHIO
$8.4 MILLION IN SALES; 120 EMPLOYEES

"MY BROTHER JON AND I HAVE ALWAYS BEEN CLOSE because we were twins. We did everything together. We were farmers, but when we graduated from high school, the farming industry wasn't too strong, and Dad said there wasn't enough for all of us to do. Jon stayed at the farm, and I went to work in a factory and entered Ohio State. After just a couple of months I decided I didn't like either, and Jon and I had always wanted to work together, so we went into business. [Older brother David joined them later.]

"We couldn't decide between carpet cleaning and construction, either of which we could get into with little investment. I had business cards made up for both, but construction actually was cheaper, so we got a couple of paintbrushes and a couple of ladders and started painting houses. It really didn't matter how much money we made, because we weren't making much money at the time, anyway. They were trying times. But we always had the camaraderie of each other. We had fun.

"I never pictured working for anyone else. From a very young age I was working hard, milking cows two times a day, always working for myself, my family."—*Joel Field*

## *The Glass-Ceiling Refugee*

JUDITH ARMSTRONG: #262
ADA TECHNOLOGIES, ENGLEWOOD, COLO.
$1.8 MILLION IN SALES; 20 EMPLOYEES

JUDITH ARMSTRONG'S DIFFICULTY IN TRYING TO advance at Hughes Aircraft wasn't just that she was female—"as a woman in mathematics, I've always been the one woman in a room full of men"—but that the company kept bringing in managers from outside offices. "There was not an attitude of growing from the inside," Armstrong says.

She served as technical director for a $25-million data-processing project for Hughes, but, she says, "when I finished, they didn't have a project for me. I'd just delivered

*Judith Armstrong (left) launched her own company when her corporate career was short-circuited. Scott Kruger (above, front) so avidly pursued his favorite pastime that it became his family's business.*

this big thing to the government, I felt really good and high about what I'd accomplished, and there was no follow-up. So I sat around for a couple of months and got bored."

The result: Armstrong split and, with three partners, founded her own R&D company, funded primarily by Small Business Innovation Research grants. She's now putting together a sister company, ADA Instruments, to market the technologies that were developed. "There's been enormous personal growth on my part as I've become someone who really wants to drive this commercialization process, maybe start a manufacturing company. I didn't set out to grow into this person, but I became her anyway."

## *The Hobbyists Who Got a Little out of Hand*

GERALD, SCOTT, JUDY, AND KIM KRUGER: #121
BASEBALL CARD WORLD, ANDERSON, IND.
$13.9 MILLION IN SALES; 63 EMPLOYEES

MARVEL COMICS, PLANET OF THE APES MEMORABILIA, 1940S first-edition paperbacks—everybody, at some time, has collected something. Only the lucky ones, though, stumble into turning their hobby into a $14-million business.

The tale of the Kruger family reads like a Disney script. Son collects baseball cards—what else?—in Indiana bedroom. Starts selling off complete 1955–1977 sets when he's 15. Goes to card shows, buying and selling. Gets set up by father in a small trading shop, "just to give him spending money." Carries card-protection sheets. Places ads in sports magazines to sell sheets nationally. Mother quits job at General Motors plant four years later, in 1985, to work in growing mail-order business. Father leaves GM two years after that, as does daughter two years further on.

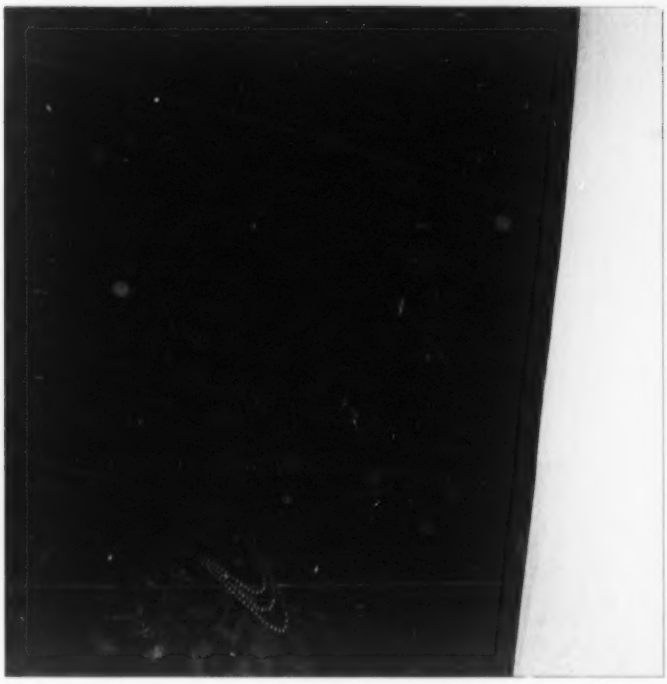
Today Baseball Card World is a manufacturer as well as a distributor of supplies for collectors. "This business has far exceeded any goals we ever talked about," says son Scott, who heads up purchasing and operations. "One thing I try to stay away from these days is turning my hobbies into businesses," he adds, admitting he's thought about buying the racetrack where he drives stock cars. "Not that I regret the one I've got. But sometimes hobbies need to stay hobbies."

## *The 'I Can Do It Better Than My Old Boss' Opportunist*

MARK COHN: #6
DAMARK INTERNATIONAL, MINNEAPOLIS
$194 MILLION IN SALES; 500 EMPLOYEES

A SEIKO COMBINATION COMPUTER/WATCH: MARK Cohn and David Russ knew it was a sure thing. After abandoning stable jobs at a fast-growing retailer of dis-

PHOTOGRAPHS: MANUELLO PAGANELLI (LEFT); ANDY GOODWIN (RIGHT)



counted merchandise when the company brought in professional management, they had become wholesalers, supplying their former employer. But the company declined to pick up the Seiko doodad—though Cohn, who'd nabbed an option on 6,000 of them, made his pitch four times—and the two men figured it would be stupid not to sell the watches themselves.

After launching a little black-and-white catalog, Damark (a combination of Cohn's and Russ's first names) continued to seek new products for the old company while adding the rejects to its own offerings. But a few months later Cohn and Russ were called on the carpet. Either be a supplier or be a competitor, said their former boss. You can't be both.

"David and I knew at that moment we were going to be a competitor," Cohn says. "For one thing, we knew they were going to try to go around us to get our products at a lower margin. And we knew that we could be in this business. We loved making the ads, shipping the products, making the phone ring. We had this business in our blood." There was another thing, too: "I always felt that I knew more than the people I worked for."

Damark surpassed that company and more—in 1990 it sold almost $194 million worth of discounted consumer merchandise such as fax machines, water purifiers, and brass planter sets. It's now one of the largest sellers of general discount merchandise. Russ retired this past summer.

*Rex Hardin (above) brought his One Big Idea to life. Shari Tresky and Lee Tulp (top right) merged their social mission with a commercial one. Mark Cohn (top left) thought he could outperform his old employers, and he did. And for Lawrence Ybarrondo (middle left), entrepreneurship was the antidote to big-company malaise.*

## *The Activists*

**SHARI TRESKY, LEE TULP, WAY KONIGSBERG, DEBORAH STARNES; #43**
**ABACUS, SAN FRANCISCO**
**$13.7 MILLION IN SALES; 84 EMPLOYEES**

WHEN THEY FIRST BEGAN OPERATING OUT OF THEIR Haight-Asbury household in 1973, the founders of what would become Abacus were producing an environmental magazine. Members of an all-women business collective, they added housekeeping, gardening, and taxi operations to the venture because friends needed jobs. A graphic artist on staff led them into design work, and eventually they began selling computers, too.

Abacus now could be categorized as a computer sales and support company—the bulk of last year's revenues came from computers, network and computer repair, and applications training, although the company also does graphics

PHOTOGRAPHS: PAUL SHAMBROOM (TOP LEFT); ROBERT HOLMGREN (RIGHT); ANDREW RAFKIND (MIDDLE LEFT); ROGER MASTROIANNI (BOTTOM LEFT)

and multimedia production, runs a temp agency for technical workers, and operates a travel agency. That diversity isn't just to protect the company from recession—it fits into the overall vision. "Our motivation has always been more abstract," says cofounder Lee Tulp.

"We're in the technology business," explains CEO Shari Tresky. "We want to take technology as far as it can go in terms of lifestyle options and improvement for humanity." Their ultimate goal, she says, is to help establish communities for cooperative living, recreating ideas about how work and family life and artistic impulses can be combined. Twenty-eight Abacus employees, including the four owners and their management team, live in a cooperative now.

"Our basic impulse always was to do something very, very cool, very, very monumental, taking our ideas as far out there as we could," Tulp adds. Abacus, she says, is their way to develop technical skills and resources to do those bigger things. "In principle, integrating computers is not very different from integrating communities. In both cases you're providing services and comprehensive solutions."

## The Big-Organization Convert

LAWRENCE YBARRONDO: #247
SCIENTECH, IDAHO FALLS, IDAHO
$17.4 MILLION IN SALES; 139 EMPLOYEES

"I ROSE THROUGH THE RANKS AT THE Idaho National Engineering Test Site, got to be second-in-command, supervising 2,000 people, overseeing a $150-million budget. We ran the premier nuclear-safety tests in the world, and I was having a lot of fun, running experiments late at night, blowing up fuel bundles.

"I was sent to the MIT business school's senior-executive course. It's 10 weeks, very intensive, and it's a total spectrum—we went back and read the Constitution, Karl Marx, ethics and business, the law.

"It was a turning point for me—actually more like a renewal. I had gone to a Jesuit university and had taken courses on moral philosophy and ethics. The MIT session focused me like a laser beam on how all that fits into business. I just absolutely loved it.

"I came back all fired up to do strategic planning for the site, trying to think ahead five years and point out that the commercial nuclear industry was approaching maturity, that we had to be thinking about what the mission of the place was, where the jobs might be for these 4,000 people. But then the government decided that such questioning was a sinful activity—that it was a threat to government power. It became clear that if I persisted, they'd kill me, in a business sense.

"I left six months later, and shortly after that it dawned on me: I'm free and clear now. It all crystallized one day when I was reading the *Wall Street Journal* at the airport, an article on entrepreneurship. I thought, That's what I want to do. I came back and talked to my wife about it and said, 'Let's start our own company.'"

## The 'I've Always Had This Idea' Romantic

REX HARDIN: #416
INSTA-PLAK, TOLEDO
$1 MILLION IN SALES; 27 EMPLOYEES

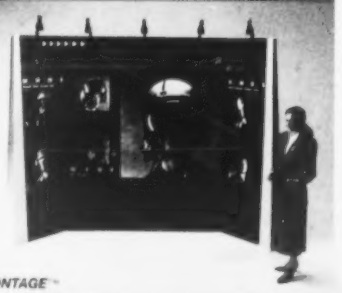
FOR 30 YEARS REX HARDIN WAS PERfectly happy being a dentist. The money was good. There was time to golf. He had no complaints.

But in 1985, at age 60, shoulder surgery fried his career; he couldn't even hold a mouth mirror for more than a few moments.

What Hardin could hold on to, though, was an idea that had been percolating for a couple of years. Whenever he'd golfed in a pro-am—paying $750 for the privilege of putting next to the stars—the photo plaques he received to commemorate the great event came many months later. One plaque was broken down the middle. Another had the right photo, wrong names. "It kind of took the gloss off, getting them like that," Hardin says.

Someone could make a good business, he'd always figured, running a mobile photo-developing and engraving service to furnish plaques on-site. Since he now needed a job, he might as well be that someone. Nine months after his surgery Hardin launched his company with the dentistry-reminiscent name Insta-Plak. Last year the company serviced 90-odd professional-tour events and a smattering of corporate customers. ❑


PROFIT FROM THE POWER OF TRADE SHOW MARKETING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*(PROSPECTING, from page 153)*
calls an hour, eventually increasing it to 100 calls a day. "I hated the phone," says Robertson, "but David drummed into me that it usually takes 10 calls to make a sale."

• **Get your prospects organized.** A desk with 120 prospect folders is too cluttered. Beyer had Robertson choose the 10 most likely to close and place a green dot on them. A red dot on a folder meant she had a commitment but no check yet. Her goal was to convert three green dots to red every month and to follow up on the red-dot folders daily.

After Robertson followed Beyer's advice, her sales exceeded $335,000 during the first half of 1991—more than double those for all of 1990. *—Teri Lammers*

RESOURCE

## *Export: One Call Answers All*

Potential exporters sometimes complain that researching foreign markets and dealing with export complexities are too tough to bother with. To help, the Small Business Foundation of America operates the Export Opportunity Hotline (800-243-7232), which is free except for some customized services. Operators can answer questions on foreign-market research, export financing, licensing and insurance, documentation, and finding hands-on help.

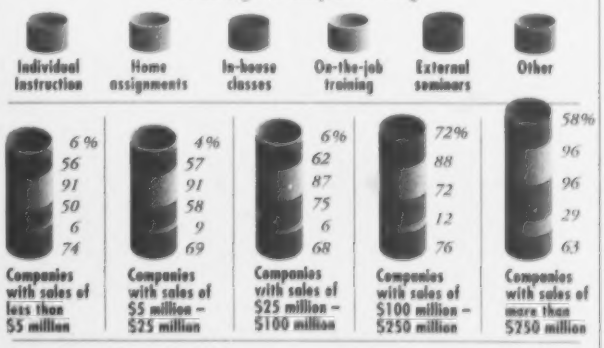
They might send you, for instance, to the Rhode Island Export Assistance Center (EAC), operated by Bryant College, in Smithfield, R.I. The EAC helped Premier Thread, based in Bristol, R.I., identify potential customers in Central and South America, find contacts in Spain and Portugal, and fill small initial orders from Italy and Korea. The center also helped Premier create a marketing brochure and write a business plan for exporting. *—T. R.*

SALES TRAINING

## *How Do You Train Your Sales Force?*

*Most companies use a variety of methods to train their salespeople. Because of limited resources and time, and a focus on getting salespeople out in the field, smaller companies tend to focus on traditional methods (such as on-the-job training and individual instruction) rather than less expensive alternative approaches, such as home assignments.*

**Percentage of companies using**




Source: "Twenty-sixth Survey of Sales Force Compensation," The Dartnell Corp., Chicago, 1990.

STRATEGY

## *Reps or Sales Force?*

FOR MANY START-UP COMpanies, the question of whether to build a company sales force or to sell through independent reps is academic. Young start-ups can't afford the sales force, and rep firms won't talk to them until they've generated *some* sales. Eventually, though, the question arises: sales force or reps? Sometime-entrepreneur Paul Sherlock, who is currently director of strategic marketing for Raychem, a materials-science company, and has written *Rethinking Business to Business Marketing* (The Free Press, 1991), suggests five ways to help you decide.

• **Degree of technical competence and knowledge required.** For complex products and applications requiring a scientific or an engineering background, there's no contest. A company sales force is your only choice.

• **A customer's needs, wants, and expectations.** A customer's purchasing agent will feel comfortable buying inexpensive items or commodities from a sales rep. But the customer's vice-president or president may feel peculiar about paying a rep's commission on something significant, such as a new MIS or custom-designed robotic system, when all the installation work will be done by the customer's engineers.

• **Dollar size of the average sale.** Say your average customer spends $10,000 a year with you, and maintaining that volume requires eight sales calls. First, calculate the cost of each sales call. Sherlock estimates that a salesperson capable of making three calls a day, 160 days a year, costs a company $100,000 annually. (Plug in your own estimates or assumptions.)

$$\frac{\text{Salesperson cost/year}}{\text{Number of sales calls}} = \text{Cost of sales call}$$

$$\frac{\$100{,}000}{160 \text{ days} \times 3 \text{ calls/day}} = \$200/\text{sales call}$$

Eight calls a year cost $1,600 to generate $10,000 in sales, so the company sales force costs about 16% of the sales dollar.

A rep's commission, Sherlock says, runs between 5% and 15%, depending on the product, so in this case reps might be cheaper—provided they're capable of making the sale.

• **Sales-gestation period.** Reps like sales that happen quickly. A two- to four-year period between contract signing and system installation is not going to excite a rep working strictly on commission.

• **Number of customers and their concentration.** If the nature of your product means you have lots of potential customers scattered far and wide, that favors reps. But if the 80:20 rule applies—80% of your sales will come from 20% of your potential customers—a sales force looks better. "In many situations," Sherlock says, "three factory-sales engineers with depth of knowledge, boundless energy, authority to make commitments, and unrestricted air-travel cards can introduce a product faster, with more immediate sales, than 50 floundering reps." *—T. R.*

CHART: ROSS CULBERT LAVERY & RUSSMAN INC., NEW YORK

BENEFITS

# Dry Shoulder for Hire

HERE'S THE DEAL: YOU CAN pay someone else to handle your employees' personal problems. Instead of confiding in you, your employee calls an independent counselor about any kind of problem—from drug abuse to a bad case of the blues. The counselor makes a diagnosis and guides the caller to treatment.

This hands-off approach is known as an employee-assistance program (EAP), and it's been all the rage in large companies. Small companies are a different story. Only about 5% of companies with fewer than 100 employees use EAPs. The reason: it costs more for EAP companies to market to and service the little guys. So the annual cost is likely to be $35 to $40 for each employee family, while large companies pay considerably less.

And why bother? Small companies tend to act like close-knit extended families, anyway.

That's nice, say the EAP types, but coworkers can't possibly be as effective as a professional. The pitch for an EAP goes like this: a dollar invested in an EAP is supposed to save $2 to $3 in reduced medical claims, absenteeism, and other productivity zappers. "You tell me the cost of having 20% of your work force down for 20% of the day," asks Jesse Bernstein, president of Employee Assistance Associates, which is based in Ann Arbor, Mich.

Ron Parks, president of Millard Manufacturing, a $5-million metal fabricator in Omaha, counts his EAP as a double time savings. Not only are troubled employees more quickly freed to concentrate on their jobs, but their supervisors don't have to spend as much time trying—usually ineffectively—to solve a problem they don't really understand.

Perhaps the most persuasive argument in favor of EAPs are these depressing statistics: alcoholics are involved in 40% of industrial accidents; substance abusers' productivity is 25% to 33% lower than average; nonalcoholic members of an alcoholic's family use 10 times the number of sick days as do employees who don't have an alcoholic family member.

If you decide to purchase an EAP, look for the following traits:

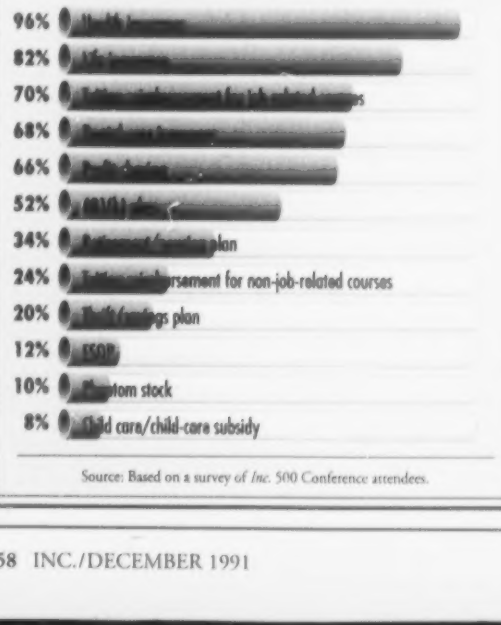
- **Independence.** Beware of low-cost or no-cost EAPs that function as "feeders" for an alcoholic-treatment center, for example. Affiliations with hospitals or other institutions are OK if the EAP can prove it exercises independent judgment in referring clients.
- **Financial stability.** There are plenty of EAPs run by people without business experience. Ask to see the profit-and-loss statement. Request an explanation of management's business controls and plans for handling growth.
- **Qualifications.** Look for minimum qualifications of three to five years of post-master's-degree experience. Certified employee-assistance professionals (CEAPs) will have at least three years of experience. Counselors fielding calls must be highly trained to recognize a broad range of problems, particularly alcohol and drug dependency. "If they haven't had specialized experience," says Carl Tisone, chief executive officer of Personal Performance Consultants, in St. Louis, "clinicians can be fooled every time."

*—E. E. S.*

## Beyond the Pay Envelope

*While most small and midsize companies offer their employees health and life insurance, those alone may not win an employee's long-term loyalty. Just over half of the businesses* Inc. *recently polled offer a 401(k), only about a third have a retirement or pension plan, and a mere one-fifth offer a thrift/savings plan. Employee-assistance programs have yet to make a blip on the charts.*

**Type of benefit and percentage of companies offering it:**




Source: Based on a survey of *Inc.* 500 Conference attendees.

RESOURCE

## Employee-Assistance Programs

YOU CAN LOWER THE COST OF AN EMPLOYEE-ASSISTANCE program by joining a group of small companies that have banded together to get a better price for services or to create their own program. Ask nearby chambers of commerce or your industry association about such consortia.

If you're shopping for providers, the Employee Assistance Professionals Association will refer you to members in your area. The organization has also developed a set of standards to live by. Though it's stiffly worded, the EAPA's $15 booklet will give you good criteria by which to judge providers. To order it, call the EAPA at 703-522-6272.



CHARTS: ROSS CULBERT LAVERY & RUSSMAN INC., NEW YORK

# THE AMERICAN DREAM

## BUSINESS FOR SALE—NEW HAMPSHIRE COUNTRY STORE

**THE BUSINESS** What we have here is a living, working National Historic Landmark: the oldest continuously operating general store in the United States. Locals and tourists (they make up 35% and 55% of sales, respectively; mail order accounts for the rest) both have flocked here for generations to find traditional Yankee staples such as baked goods, work gloves, smoked meats, and lively discussion. Or maybe to find the obligatory covered bridge (three of them, actually) nearby. Ideal for a mom and pop looking to play store.

**FINANCIAL SUMMARY**

| | 1989 | 1990 | 1991* |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |
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**PRICE** [illegible]

**OUTLOOK** Supermarkets and convenience stores have rendered most general stores obsolete, but they keep proving viable on New England backwoods byways. And though this store's margins won't make you a millionaire—its 12% net is right around the industry norm—its revenue stream seems stable. Standing arrangements with tour-bus operators help, and whether because of cheese bricks, maple-sugar candies, or effulgent autumn leaves, northern New England's appeal appears to be both timeless and recession-proof.

**PRICE RATIONALE** There are no general pricing multiples for businesses like this one because, industry insiders say, there are no general general stores. Still, the likely debt load makes this price look high. Even if you've got the $95,000 the seller wants as a down payment, financing the balance could cost $30,000 a year in interest alone—and that's more than 50% of cash flow.

**PROS** "Free" room and board. No commute. Potential for increased mail-order business through expansion of mailing list. And the chance to live inside a Norman Rockwell painting.

**CONS** Antiquated charm and cracker-barrel flavor don't often lead to high-margin inventory—or to short hours. The store runs seven days a week, from 7 a.m. to 9 p.m., and longer in hunting season; unlike the people in the aforementioned painting, the owners of this place will be tough to catch standing still. *—Alessandra Bianchi*

***Inc.* has no stake in the sale of the business featured.**

*The magazine cannot confirm the accuracy of financial or other information offered by the seller. Inquiries should be directed to Country Business Inc., 802-254-4504.*

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